

Saudis Try To Curb Religious Radicals

Islamic Leader And Prince Assail Extremist Views

By Youssef M. Ibrahim

PARIS — In an unprecedented development, Saudi Arabia's chief religious authority, Sheikh Abdul Aziz bin Baz, and a senior member of the Saudi royal family, Prince Turki al Faisal, have begun attacking extremist religious fundamentalists in their country, starting what could be a significant confrontation.

The religious leader's attack was publicized in Saudi newspapers, and the severe warning from Prince Turki, who serves as Saudi chief of intelligence services, was made in a rare public speech at a mosque in Riyadh, Saudis said.

Details of these recent developments are unfolding at a time when the number of militant fundamentalists in Saudi Arabia has grown considerably. Their strength has increased since the Gulf crisis began in the summer of 1990, and the movement is estimated to include tens of thousands of younger radical religious leaders, Islamic university teachers and students.

Of equal significance is the fact that the Saudi developments are occurring as Islamic militants across the Arab world are mounting a renewed challenge to Arab governments.

From Morocco on the Atlantic to Saudi Arabia on the Gulf, Arab governments are being challenged by politicized militant fundamentalists in the Iranian mold who are seeking to overthrow them.

In Algeria and Sudan these militants have already triumphed, securing a great measure of political control. In Tunisia, Egypt and Jordan they have forced the governments to enter into direct confrontation with them.

In Saudi Arabia, over the past few months, the fundamentalist extremists, who coordinate their activities through religious societies and in mosques, have adopted a strategy of attacking government policies in public speeches in the mosques and in lectures at some of their religious universities.

More important, they have been recording and distributing their assaults on government policies and personalities, including several ministers, columnists and senior religious leaders, in hundreds of thousands of cassettes widely available in every city of the country in what the Saudi government now regards as a menacing subversive campaign.

The fundamentalists' assaults on the Saudi government have been aimed at virtually every aspect of domestic and foreign policy. They criticized the arrival of American troops during the Gulf crisis, attacked Saudi Arabia's support of the U.S.-sponsored Middle East peace process and opposed any talk of peace with Israel.

The fundamentalists have also described the Saudi government's banking and financial policies, particularly Saudi Arabia's growing role as a major power in international finance and the estimated \$10 billion the government has borrowed, as being against Islamic law.

The religious extremists have in See SAUDIS, Page 2



Boris N. Yeltsin responding to reporters before meeting with Stanislaw Shushkevich, left, president of Belarus, and other Commonwealth leaders in Minsk on Monday.

Republics Allow Formation of Separate Armies But Commonwealth Backs Unified Nuclear Command

By Francis X. Chines

New York Times Service

MINSK, Belarus — After a long day of disputes, the former Soviet republics agreed Monday that members of their new Commonwealth of Independent States could build separate armies or stay aligned in a common defense. They also agreed that strategic nuclear weapons would remain under a single command.

The agreement on armed forces was reached in a bargaining session of sharp differences and private compromise that let each of the 11 republics decide its own military fate.

Ukraine, Azerbaijan and Moldova have plans to form separate armies, while the other republics, including Russia, will share in the Commonwealth joint military force, according to the announcement Monday.

Details of the pact remain unclear, particularly the question of how the republics might share units and equipment of the massive Soviet armed forces.

"It's not easy to take apart one structure and build new ones," said President Stanislaw Shushkevich of Belarus after the republic leaders met in Minsk, the Commonwealth capital. In all, the leaders signed 15 documents on issues ranging from uses of space to distribution of foreign food.

But they reached only temporary agreement on the two major coordinating bodies of the Commonwealth, the Council of Heads of State and the Council of Heads of Government.

Thus far, in little more than a month of effort, the republics have agreed mainly on the broad strokes of their Commonwealth, with critical details on the military and other issues left for later meetings.

President Boris N. Yeltsin of Russia stressed that the gathering Monday reaffirmed the original agreement that the four Commonwealth republics with strategic nuclear weapons would operate in concert on nuclear policy, with the launching decision in the hands of Russia and the central military command.

The precise technical details for this new procedure should be worked out in "five or six days," Mr. Yeltsin said.

In response to concerns expressed by the U.S. secretary of defense, Dick Cheney, that Soviet nuclear missiles continue to be updated and aimed at American targets, Mr. Yeltsin said that "everything agreed to in the strategic arms treaties will be respected by Russia and the Commonwealth states."

In their efforts to succeed the collapsed Soviet Union, the republics agreed that their remaining differences are many, particularly on a common strategy for dealing with desperate economic conditions.

With Russia expected to raise prices on Thursday and economic anxiety rising across the republics, the Commonwealth members announced that they would go ahead with a previous agreement to conduct their separate free-market plans in a common "ruble zone" based on the badly battered currency of Russia.

But President Leonid M. Kravchuk of Ukraine, whose nationalist mistrust of the Commonwealth is greatest, was openly skeptical.

"We could find ourselves in the ruble zone without any rubles," he said Monday night, complaining that Russia, which controls the printing of rubles, had not been

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Welcome Gift for Bush: Japan Cuts Interest Rates

By Paul Blustein

Washington Post Service

TOKYO — The cut in Japanese interest rates, which gave a year-end fillip to financial markets here Monday, is likely to be the first of a series of economic concessions by Japan on the occasion of President George Bush's visit next week.

Mr. Bush, whose top priority on the trip will be to expand Japanese demand for American goods as a way to lift the U.S. economy out of recession, welcomed the move as a "very important step."

As he left for Asia, he said, "I think they realize that growth is a good way for the world economy to go." Trade, he said, is a "two-way street." (Page 3.)

The Bank of Japan's discount rate cut, to 4.5 percent from 5 percent, was the second half-point reduction in less than two months. Although a cut had been expected, the timing came as a pleasant surprise on financial markets and sparked a 2.4 percent surge in share prices on the year's last day of trading on the Tokyo Stock Exchange. The 225-issue Nikkei Stock Average closed at 22,983.77 points, up 546.45.

Bond prices also rallied, pushing the yield on the benchmark 10-year Japanese government bond down to 5.395 percent from 5.43 percent on Friday.

The timing of the move, eight days before the start of Mr. Bush's Jan. 7-10 visit to Japan, was immediately interpreted here as motivated by the government's desire to show the American president that Tokyo was willing to take measures that will result in more goods being imported into Japan.

Reports continued to surface of measures that the government is considering to ease tensions over automotive trade. The Mainichi Shimbun, a major daily, reported that Tokyo was "considering" to announce during Mr.

Bush's visit that it will give tax breaks to buyers of imported cars.

By stimulating domestic purchasing power, the rate cut should help bolster imports somewhat, a goal that dovetails with Mr. Bush's stated intention to use his trip to increase American exports and jobs. The administration of Prime Minister Kiichi Miyazawa is especially eager to make Mr. Bush's trip appear successful so as to weaken the political momentum behind protectionist legislation in Congress.

Yasushi Mieno, governor of the Bank of Japan, denied that pressure from Washington had forced his hand. Concerned that such a perception would weaken his image as a stern inflation-fighter, Mr. Mieno emphasized that wholesale prices have been particularly tame lately, and economists agreed that recent signs of sluggishness gave the central bank ample reason to ease credit.

"It was most appropriate," said Richard Koo, an economist at Nomura Research Institute. "The Japanese economy is slowing, and slowing rather quickly."

But Japanese officials are sure to cite the rate cut during the Bush visit as evidence of their cooperativeness on economic and trade issues.

Tetsuomi Hata, the finance minister, said the Bank of Japan was using its own judgment based on domestic economic considerations, but he added that the rate cut met U.S. hopes. Gaishi Hiraiwa, chairman of the Federation of Economic Organizations, or Keidanren, Japan's premier business group, said: "The rate cut is welcome in terms of international cooperation ahead of Bush's visit."

The Bush administration has been quietly prodding Tokyo to take stimulative measures, and a U.S. official cheered the rate cut, noting recent forecasts that Japanese growth in 1992 may dip well below 3 percent.

"Given the prospects for growth in the United States, and the German rate increases, it would seem that for the global economy the U.S. and Japan need to do more to get some growth, and this is a step in the right direction," the official said.

The Bank of Japan said its action was taken "in view of recent economic and financial developments as well as the fact that the January-March period is a time for the corporate sector" to decide on plant and equipment spending for the coming year.

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The spokesman for the Vienna-based agency said that an Italian investigation into a possible attempt to sell plutonium was being conducted and that it had not been officially informed about the inquiries.

The spokesman, David Kyd, was commenting on statements by an Italian judicial official who is investigating the seizure of a small amount of plutonium that a Swiss businessman was allegedly trying to sell in Italy in October. Four men are being questioned, but no arrests have been reported.

The official, Romano Dolce, assistant public prosecutor in the northern town of Como, also was quoted by Reuters as saying that Swiss police had confiscated 30 kilograms (66 pounds) of Soviet uranium last month.

The nuclear material, Mr. Dolce said, is "destined for countries using East bloc technology, like Iraq and Libya."

Mr. Dolce said that U.S. experts examined the plutonium seized in Italy and the uranium confiscated by the Swiss in Zurich on Nov. 11 and had identified both as being of Soviet origin.

Mr. Kyd said that his agency was "in the dark" about the alleged sale of Soviet plutonium, but that if any had escaped onto the open market it was doubtful that there was enough to construct a bomb.

He said that countries seeking to develop a nuclear weapon usually preferred to use highly enriched uranium, which is easier to handle than plutonium and easier to obtain or manufacture.

Mr. Kyd said that even if plutonium had fallen into unauthorized hands, it did not necessarily mean that a potential purchaser was near to developing a weapon, which

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Rebound Hope Drives U.S. Stock Surge

Compiled by Our Staff From Dispatches

NEW YORK — Tumbling U.S. interest rates and hopes for an economic revival sustained the buying spree on Wall Street on Monday as stock prices soared to their third straight record high.

The Dow Jones industrial average surged 62.39 to 3,163.91. The blue-chip average has gained 250 points, or just over 8.5 percent, since the Federal Reserve Board slashed its discount rate by a full point to 3.5 percent on Dec. 20 in a bold effort to reignite the economy.

"Stocks are telling you that we're going to have a complete economic recovery in six months," said Ralph Bloch, chief market analyst at Raymond, James & Associates.

Ralph Acampora, technical analyst with Prudential Securities Inc., said the prevailing sentiment was that President George Bush and the Federal Reserve chairman, Alan Greenspan, "will do everything" to get the stalled economy going next year.

Broader market indices also soared to record highs. (Page 10.)

Dealers said the market got a boost from the Bank of Japan's move earlier Monday to cut its discount rate, which gave new impetus to the downward trend in U.S. rates and held out the promise of stronger demand in Japan's economy.

The bellwether 30-year U.S. Treasury bond rose three quarters of a point to 106 3/4, dropping its yield to around 7.45 percent.

Stocks also were helped by news that the Conference Board's consumer confidence index leveled off this month.

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Mexico's Image Machine in U.S. Hits Full Throttle

By Tim Golden

New York Times Service

MEXICO CITY — When Carlos Salinas de Gortari went to the United States recently, he did the sorts of things that Mexican presidents have usually done on such visits. He had breakfast with Henry A. Kissinger. He had lunch with businessmen in New York. And he met with President George Bush.

But Mr. Salinas also did things in connection with this trip that no Mexican president had done before — such as visiting with the president of the Mexican Soccer League of New Rochelle, New York, sending lobbyists all over Capitol Hill and giving an award to a Mexican-American human rights advocate who has criticized the pace of Mr. Salinas's political liberalization.

In Washington, where Mexico kept a low profile for years, in part to discourage U.S. interference in its affairs, an elegant new Mexican Embassy brims with ambitions to join the city's most influential foreign missions. The traditional handful of quiet diplomats has given way to an army of expensive lobbyists, an office full of trade representatives and a more specialized diplomatic staff that has more than doubled since Mr. Salinas took office in 1988.

In such places as Tulsa, Oklahoma, and Pittsburgh, New York, officers from Mexico's 40 consulates in the United States have become almost familiar visitors. Where a college or Rotary Club will listen, they extol the virtues of the free-trade agreement Mexico is negotiating with the United States and Canada, trying to draw a portrait of a vibrant, sophisticated neighbor eager for closer ties.

And from the Southwest to Chicago and New York, Mexican officials have worked intensely to reverse the antagonism and mistrust that have long characterized the government's relations with Mexican immigrants to the United States.

See MEXICO, Page 3

In Ohio, Oasis of Integration

A Suburb's Candid, Fruitful Preoccupation With Race

By Isabel Wilkerson

New York Times Service

SHAKER HEIGHTS, Ohio — For 30 years Shaker Heights, a suburban forest of Old World estates just east of Cleveland, has made racial integration something of a crusade. It has tried to hold the races together even as they appear alienated outside its borders.

The city has found that integration is not only difficult to begin but also hard to maintain. If it is to occur at all, residents say, it requires prodding and pampering and a kind of eternal vigilance and preoccupation with race. The city goes so far as to provide financial incentives to those who move into neighborhoods dominated by the other race.

In all the rituals and routines of daily life, it seems, Shaker Heights puts race front and center. The idea is that if left to their own devices, people will segregate, so the city does not leave them to their own devices. Instead it treats integration as if it were a patient on life support. No one dares pull the plug for fear it will not survive.

And so while most Americans bristle when the topic turns to racial tension, here people look you in the eye and relish the chance to talk about it.

It is in the public schools, which are considered among the most rigorous in the country, that Shaker Heights's race consciousness is perhaps most on display.

Sixth graders are required to take sensitivity training, where they learn about such things as racial polarization and the dynamics of prejudice. An elective course on slavery and the Holocaust, called Oppression, is one of the best attended at the high school.

Race and questions of fairness and balance figure into the smallest decisions, from recruitment to the field hockey team to how many blacks are featured in a yearbook layout.

There is open fretting about why there are not more blacks on the soccer team or more whites running track. There is pride in the racial symmetry of the chess club and the capella choir. And among city officials, there is careful attention to the turnout at public events.

"When someone comes back from a block party, we want to know how many people were there, how many blacks and how many whites," said Donald DeMarco, the city's director of community services. "We count. We're aware. We don't pretend not to notice."

Still, for all the effort, there are still black sections and white sections here. Only three of the city's nine neighborhoods are truly racially mixed, with a black population close to the 30 percent level that characterizes Shaker Heights in general.

Three are at least 90 percent white and are so expensive that they are likely to remain so for some time. Three are 50 percent or more black, and the city is willing to pay whites to move there.

With racial tensions erupting in places as disparate as Brooklyn, New York, and Dubuque, Iowa, and the growing use of appeals to racial fears in mainstream politics, determinedly integrated communities like Shaker Heights,

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30 DEAD IN BEIRUT — Rescuers carrying one of 30 people killed in a car bombing Monday in a Muslim area of Beirut. About 120 were wounded in the blast, the worst since June 1985, with police estimating that 220 pounds of TNT was used. Page 2.

Kiosk

Blast in Baghdad Hits UN Vehicle

BAGHDAD (Reuters) — An explosion rocked a hotel parking lot in Baghdad on Monday. United Nations sources said it apparently was caused by a car bomb.

The official Iraqi press agency, INA, said the blast outside the Isha Sheraton Hotel damaged 10 cars, including a UN vehicle, and slightly wounded a hotel worker. UN sources said a large bomb appeared to have been planted in a car parked in front of a vehicle attached to the UN observer mission that is monitoring the Gulf war cease-fire.

General News
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L. Douglas Wilder plays a racial card in his campaign. Page 3.

Crossword Page 6.

Dow Close
Up 62.39
3,163.91

The Dollar in New York
DM 1.521
Pound 1.855
Yen 125.55
FF 5.1905

Car Bomb Kills 30 and Wounds 120 in Muslim Area of Beirut

Compiled by Our Staff From Dispatches
BEIRUT—A car bomb exploded Monday on a crowded street in a Muslim neighborhood of Beirut, killing at least 30 people and wounding about 120 in the worst such attack in Lebanon in more than six years, the police said.

The wounded included former Prime Minister Shafiq Wazzan, who was driving through the area. The police said Mr. Wazzan, who served from 1980 to '84, was treated at a hospital and discharged.

The explosion of the car—a Mercedes

packed with an estimated 100 kilograms (220 pounds) of TNT—destroyed buildings and touched off fires near an intersection in the Basta district filled with produce vendors and shoppers. The bomb left a crater 1.1 meters (6 feet) deep.

The blast heavily damaged five buildings and wrecked about 15 apartments and dozens of cars. Streets were blocked by toppled power lines and poles, debris and burning cars.

It was the worst car bombing since June 18, 1985, when a blast outside an ice cream

parlor in Lebanon's northern port of Tripoli killed 60 people and wounded 110.

In southern Lebanon, Shiite Muslim guerrillas ambushed Israeli-backed forces and killed one soldier, police sources said. Later, two explosions blew apart a checkpoint on the edge of Israel's self-proclaimed "security zone."

There was no immediate claim of responsibility for the Beirut car bombing, the first since early November and the fourth this year.

The blast may have been intended to set

back government efforts to reestablish control in Lebanon after 15 years of civil war, according to police sources. It also may have been carried out to protest the Syrian Army's presence in Beirut.

The Syrians, who have 40,000 soldiers in Lebanon, maintain a road checkpoint 180 meters from the blast site.

The explosion occurred one block from a barracks where pro-Iranian Shiite Muslim fundamentalists once held Western hostages.

Officials said that besides the 30 dead in

the car bombing, 60 people were hospitalized and 60 were treated at hospitals and released.

The police on the scene said at least three people were believed killed in the rubble. Car bombings were frequent during Lebanon's civil war, which ended in October 1990 with the defeat of Michel Aoun, the rebel Christian general.

Three car bombings earlier this year killed 13 people and wounded 49. The last explosion occurred at the American University of Beirut on Nov. 8. (AP, Reuters)

WORLD BRIEFS

Japan Spurns Russia on Kuril Islands

TOKYO (Reuters)—Japan reacted coolly on Monday to an offer by the Russian foreign minister, Andrei Kozyrev, to settle a decades-old dispute over the Kuril Islands, which has been a major sticking point in Tokyo-Moscow relations.

Mr. Kozyrev said Friday that Russia recognized as lawful a 1956 declaration in which Moscow agreed to hand back two of the four islands in return for conclusion of a peace treaty, and to negotiate the return of the other two. Japan refuses to sign a treaty formally ending World War II hostilities until Russia returns the four islands.

A Japanese Foreign Ministry official said Monday that Japan would continue to demand the return of all four islands, which were seized by Soviet troops at the end of World War II. In 1956, the Soviet Union agreed to return two of the islands, but it repudiated that agreement in 1960 after Japan signed a defense treaty with Washington.

U.S. Says Iraq Holds 2 Businessmen

WASHINGTON (Reuters)—Two American businessmen are being held in a Baghdad prison on charges of illegally entering Iraqi territory, the State Department announced Monday.

Richard A. Boucher, a department spokesman, said the two businessmen, whom he declined to identify, were arrested on Dec. 6 near the Iraq-Kuwait border. The United States was not informed of the arrests until Dec. 25, Iraqi authorities said. The two men would be tried on charges of illegal entry and possession of Iraqi territory, Mr. Boucher said.

"To us, the arrest underscores the danger of traveling in the unmarked Kuwait-Iraqi border," Mr. Boucher said. Officials from Poland, which represents U.S. interests in Iraq, visited the two men last week, he said.

France Reaffirms Ties to Algeria

PARIS (Reuters)—In its first official comment on the election victory scored by Algeria's fundamentalist Islamic Salvation Front, France said Monday that it was committed to strengthening ties with its former colony.

"Whatever the Algerian people's final choice is, the ties binding them to the French people are too strong for them not to be maintained," a Foreign Ministry spokesman said. "France will remain committed to strengthening its relations with Algeria."

The Front captured at least 167 of the 206 seats that were won outright in Thursday's balloting. A second round of voting will be held Jan. 16 to complete the new 430-seat parliament. French news organizations have openly expressed their dismay about the early results. Le Figaro called it a "victory for despair" that would snuff out democracy in Algeria before it got off the ground, while Le Monde predicted huge problems for the country.

Marcos's Party Endorses His Widow

MANILA (Combined Dispatches)—The party of former President Ferdinand E. Marcos endorsed his widow, Imelda, on Monday as its candidate in the presidential election next year.

Mrs. Marcos avoided making a categorical announcement that she would run in the May 11 election, but told about 300 members of the New Society Movement that "what the people ask me to do, Imelda will do."

The delegates declared Mrs. Marcos the leader of the party and its candidate to succeed President Corason C. Aquino, who will not run again.

Mrs. Marcos returned Nov. 4 from nearly six years exile in the United States. She faces numerous tax fraud and corruption charges, but legal experts say she is not precluded from running for office. (Reuters, AP)

Pakistani Is Cleared of Rape Charge

ISLAMABAD, Pakistan (AP)—A judicial tribunal has cleared the son-in-law of Pakistan's president of allegations that he orchestrated the gang-rape of a friend of former Prime Minister Benazir Bhutto.

But the woman's father, Shaikat Hyatt, vowed Monday to carry out the death sentence that a tribal council passed on Irfanullah Marwat and others allegedly involved in the attack.

Veena Hyatt, 38, accused Mr. Marwat of orchestrating the attack in November. Mr. Marwat is the son-in-law of President Ghulam Ishaq Khan, and an adviser to Chief Minister Jam Sadiq Ali, Miss Bhutto's political enemy. In the ruling, Justice Abdul Rahim Kazi cleared Mr. Marwat of involvement and said he did not have enough evidence to determine whether a rape had occurred. He also said that "it can be assumed that there would hardly be any political motive behind the alleged incident."

Georgian Rebels Warn Of Broadened Conflict

The Associated Press
TBILISI, Georgia—Opposition forces on Monday declared their struggle with President Zviad Gamsakhurdia a "civil war" and warned that fighting would spread across the mountainous republic.

The declaration, after a week of battles on Rustaveli Prospekt, the capital's main street, seemed to assure that strife would worsen in the Transcaucasian republic where, by Health Ministry count, nearly 60 persons have been killed and 300 wounded.

"If this continues much longer, there will be a sea of blood," said the opposition leader, Giorgi Chanturia. "I'm afraid that it will not only be on Rustaveli, but throughout Tbilisi and Georgia."

Wider fighting in Georgia would heavily pressure the new Commonwealth of Independent States to try to stop the war on its doorstep.

Besides the three Baltic states, Georgia is the only former Soviet republic that has not joined the Commonwealth. The 11 Commonwealth members have agreed not to consider Georgian membership until the conflict is resolved, and President Boris N. Yeltsin of Russia has ordered former Soviet troops under his control to leave Georgia.

But the main rebel commander,

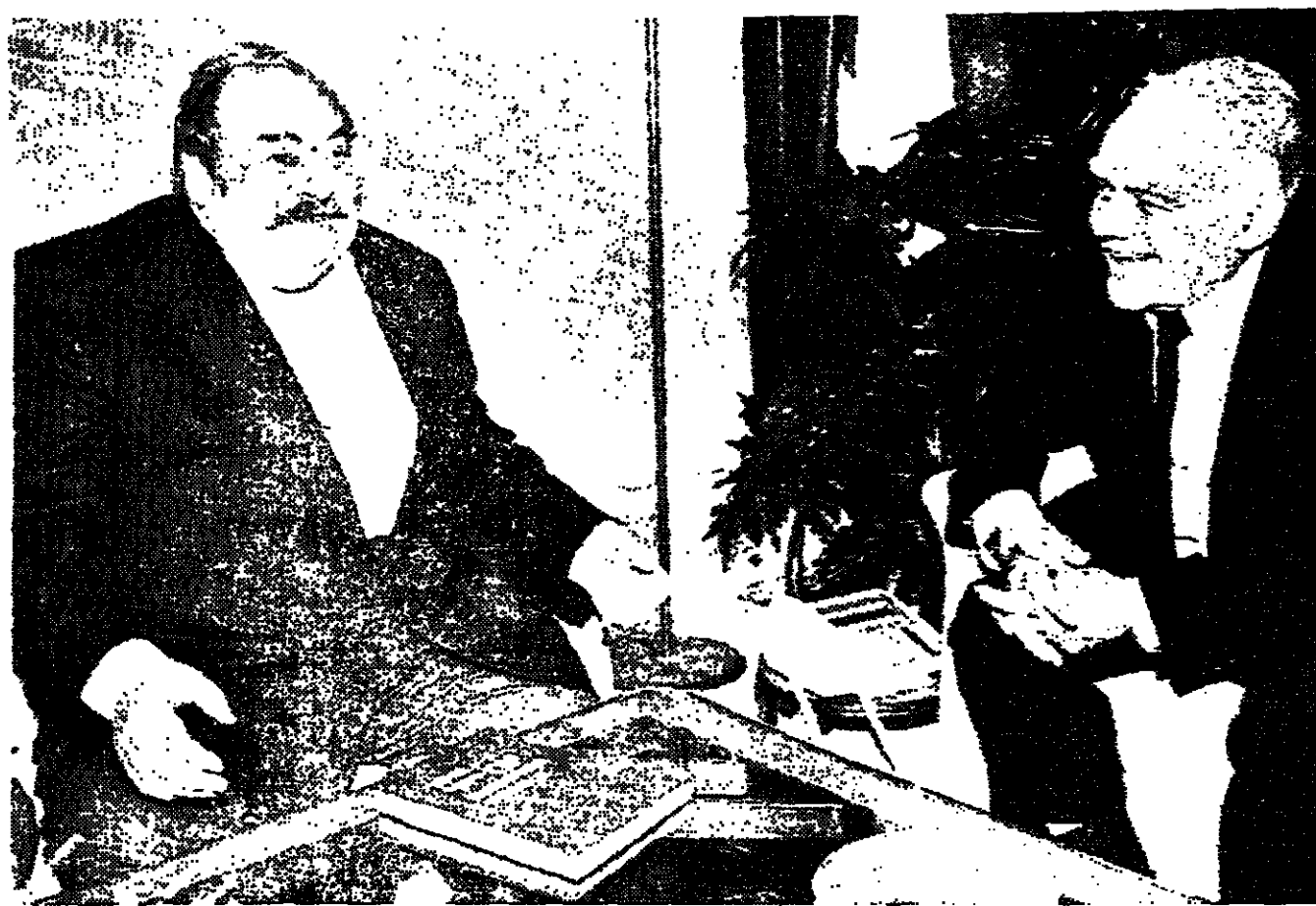
Tengiz Kitovani, a former head of the Georgian National Guard, on Monday accused Mr. Gamsakhurdia, the besieged president, of getting help from ethnic Chechen rebels in neighboring Russia, and said he would complain to the Russian Parliament.

"We regard their presence here as gross interference in the domestic affairs of sovereign Georgia," he said.

Opposition forces were pushed back Sunday from the area around the parliament building, where Mr. Gamsakhurdia remained with several hundred loyal guards.

Azerbaijani Barrage
 Azerbaijani forces shelled Stepanakert, capital of the Nagorno-Karabakh Autonomous Region, after seizing control of the surrounding hills, Agence France-Press reported the Interfax news agency as saying Monday in Moscow.

Quoting Armenian sources, Interfax said the hospital in Stepanakert was hit and that there were many casualties in the shelling that came after about 500 riot police from the Azerbaijani Interior Ministry, backed by armored troop carriers, gained control of the hills overlooking the town.



Alexander Bavin, left, the new Russian ambassador to Israel, meeting Monday with Prime Minister Yitzhak Shamir in Jerusalem. Mr. Bavin said one of his major responsibilities would be to maintain contact with thousands of recent Jewish immigrants from Russia.

Federal Planes Hit 3 Croatian Positions as Fighting Worsens

Compiled by Our Staff From Dispatches
ZAGREB, Yugoslavia—Fierce fighting broke out along battle fronts throughout Croatia on Monday, and radio reported that Yugoslav warplanes had attacked at least three positions in the secessionist republic.

The police in Otocac, near Croatia's Serb-held Krajina area, said several planes had dropped cluster bombs on Croatian defense lines.

"It's worse than hell today," a duty officer at the Otocac police station said by phone Monday. He said the area had earlier come under fire from heavy artillery and anti-aircraft guns.

Air raid warnings sounded in 10 Cro-

atian cities after a weekend of heavy fighting in the republic, where thousands of people have been killed in more than six months of civil war.

Heavy artillery barrages were reported Monday on two fronts of the front in central Croatia—near Pakrac, about 100 kilometers (60 miles) east of Zagreb, and near Nova Gradiska, 40 kilometers farther east, Croatian Defense Ministry officials said.

As the fighting surged, the federal government in Belgrade issued an appeal to all involved to halt armed operations at once and called on "all Yugoslavia's citizens and people of goodwill in Europe and through-

out the world to contribute to the establishment of peace."

It added: "We see great hopes for peace in the readiness of the United Nations to send a peacekeeping force to Yugoslavia."

The United Nations has said it will send in a full force only if a reliable cease-fire is established.

This seemed far from likely Monday. Croatian radio reported artillery fire around the eastern Croatian town of Vinkovci and said that Croatian fighters repulsed an attack by federal infantry across the Bosut River south of the city.

Croatian military spokesmen said the industrial city of Sisak, 50 kilometers southeast of Zagreb, and the nearby village

of Sunja also were hit by federal army shelling.

Croatian radio reported that Yugoslav fighter-bombers struck Croatian positions near the city of Karlovac, 55 kilometers south-east of Zagreb.

Repeated aerial attacks by Yugoslav fighter-bombers and federal artillery fire on Karlovac appeared aimed at cutting the last major link between Zagreb, the Croatian capital, and the Croatian coastal regions of Istria and Dalmatia.

Officials in Karlovac said Monday that 10 people—five Croatian soldiers and five civilians—had died in the previous 24 hours and that 13 had been wounded.

Croatian officials said that by escalating the fighting, the Serb-led federal army was trying to block international recognition of Croatia and other republics by the European Community on Jan. 15.

Serbian sources said Croatia is not really interested in peace because it thinks recognition would help it regain the one-third of its territory lost in six months of war.

The U.N. special envoy, Cyrus R. Vance, was due in Belgrade after talks in Lisbon on Monday with Lord Carrington, the chief EC mediator, and Foreign Minister João de Deus Pinheiro of Portugal, which is to assume the EC's rotating presidency Wednesday. (AP, Reuters)

SAUDIS: Assault on Extremists

(Continued from page 1)
 the past few weeks also stretched their criticism to Saudi Arabia's educational system and the participation of women in higher education. They have accused leading women educators of being "prostitutes."

Sheikh Ibn Baz, who commands enormous reverence among the Saudi public and within the vast traditionalist religious establishment in Saudi Arabia, singled out those whom he said "winked secretly in their meetings and record their poison over cassettes distributed to the people, or those who make these allegations in public lectures at universities."

"This behavior," he warned, "is against the will of God."

The sheikh is president of the Administration of Scientific Research, Religious Scholarship and Guidance. The post is roughly the equivalent of several ministerial positions overseeing all religious affairs and supervising the country's mosques, religious universities and educational authorities and the religious affairs police.

While considered an ally of the Saudi ruling family, Sheikh Ibn Baz is somewhat independent in his views and thus enjoys an authority separate from the will of the ruling family.

In his statement, published in the Saudi daily Ash-Sharq al-Awsat, he condemned the extremists' assertions as "lies, conspiracies against Islam and Muslims."

Among other things, some of the public speeches and cassettes of the Saudi religious extremists over the past few weeks publicly attacked the Saudi Women's Renaissance Association, whose members include several of the royal family's princesses and prominent Saudi women, whom they also described as "prostitutes." They demanded that the association be disbanded.

The move triggered a strong response by Prince Turki, the son of the late King Faisal, in a speech made at an army officers' club in Riyadh.

According to several Saudi sources, Prince Turki accused the extremists of slandering some of his acquaintances. "He has said either you prove those charges or be held accountable for making them," said one Saudi businessman.

"The thrust of his message was, 'you have gone too far,'" the businessman said. "It's more than a warning. It's the beginning of a confrontation by a senior and pow-

erful member of the Saudi royal family."

Indeed, taken together, the reports are unprecedented in their severity and indicate a new threshold of confrontation between the ruling establishment and the radical extremists.

This is particularly so, one Saudi noted, since the Saudi regime is itself a strict fundamentalist Muslim system of government.

The Saudi ruling establishment's reaction, not coincidentally, parallels major recent policy initiatives by King Fahd, who recently announced his intention to institute a "consultative council" and publish a body of written civil laws regulating business activities and civic litigations.

These steps were widely viewed as necessary to support Saudi Arabia's fast-changing status as a major economic force, and as essential to the growth and evolution of the Saudi private sector.

ARMS: Soviet Plutonium

(Continued from page 1)
 would also require a complex detaching device and delivery system.

Plutonium, a by-product of uranium nuclear reaction, can be used with oxide fuel to produce electrical energy in a sophisticated technology possessed by a handful of countries. Its main use is as a weapons material.

Mr. Kyd said that if properly packaged and looked after, plutonium would not present a major radiation hazard to those in its vicinity. Ingested in even minuscule amounts, it causes serious cancer.

He said that the agency was more concerned about the sale of technology by highly qualified nuclear scientists, and has evidence that Iraqi nuclear engineers have received offers to work for another country, which diplomatic sources identified as Libya.

The agency is still carrying out selective inspections on the territory of the former Soviet Union, but they are intended to prevent the illegal diversion of nuclear material from civilian reactors.

The agency is not officially concerned with military nuclear capabilities.

But Moscow is a signatory of the 1970 Nuclear Nonproliferation Treaty banning the transfer of radioactive material that can be used in the manufacture of atomic weapons. The leaders of the new Commonwealth of Independent States have given assurance that they will honor such international treaties signed by the Soviet Union.

But that would not prevent individuals from selling nuclear know-how or stealing small amounts of nuclear material, Mr. Kyd said.

Nationalism Scurries to Fill Russian Void

By David Remnick
Washington Post Service

MOSCOW—The euphoria of the August night when a hard-line coup fell and fireworks and rock-and-roll and a smell of cheap champagne filled the air has long since dissolved. This week, prices will soar free and a high-stakes game of economic liberalization will begin. Millions of people are in danger of losing their jobs. Tensions among the various former Soviet republics are bound to increase.

"It's not just that we don't know where our next meal is coming from," said Irina Zhuravlova, 18, a university student. "We don't even know who we are anymore."

"They tell me I'm a 'Russian' now," she said. "What does that mean? Does it mean that my parents, who live in Uzbekistan, are foreigners? Will I need a visa to visit them?"

"I think of myself as Soviet. I know nothing about Russia. In school, our history lessons began with the revolution and 1917. I am all for the changes in this country but I am completely confused. What does it mean—'Russian'?"

Alexander Kabakov, the deputy editor in chief of Moscow News, is no less mystified by the new state of affairs.

"No matter what we argue about, it always boils down to the same question," he said. "What are we? Europeans torn away from civilization with a ruthless back-breaking greed, now painfully set right, or Asians desperately resisting a forced involvement in a totally alien, dynamic, creative and accumulative Western way of life?"

"Who are we, Russians, after all? Nobody. Proud beggars in a torn Bolshevik coat."

Clearly the economy is only the most immediate element of a drama that encompasses nothing less than the creation of an entirely new order on the ruins of the old. It is as if Russia's 147 million people were all going through a cultural identity crisis.

With the risks of economic change and the inevitable dislocations that will accompany them comes another political danger: the exploitation of Russian nationalism. There are hardly any political forces now in the huge republic, including the most ardent advocates of change, that do not talk of a "Russian idea" or some form of nationalism. But how that nationalism is understood ranges from the Western-style liberalism of the current government to a form of neofascism.

In the Kremlin that afternoon, Mr. Zhirinovsky went on for hours, claiming that he would invade Afghanistan and make it a Russian "province." He would sell off western Ukraine to Poland and take the rest for Russia. He would fill the universe with "space weapons" pointed at the United States.

"I'll bury radioactive waste along the Lithuanian border and buy powerful fans and blow the stuff across the border at night," he said.

NEWS ANALYSIS

For me, Russian nationalism is the restoration of all the things, spiritual and cultural, that were lost under Soviet rule, but unfortunately that definition does not hold for everyone," said Dmitri Likhachev, the country's most eminent scholar of ancient Russian culture. "There are some very maladjusted people out there ready to pervert things."

The Russian president, Boris N. Yeltsin, has tried to use Russian nationalism as a means of replacing the fallen Leninist iconography. He has adopted the czarist double-headed eagle as the republic's symbol, and on Sunday he announced that Russia would form a 30,000- to 40,000-man national guard based on Russian traditions.

But the leading exploiter of Russian nationalism is a politician named Vladimir Zhirinovsky, the leader of the Liberal Democratic Party, which is neither liberal nor democratic.

In the election for the Russian presidency in June, Mr. Yeltsin won as predicted, and former Prime Minister Nikolai I. Ryzhkov won the votes of nostalgic Communists. But it was Mr. Zhirinovsky, promising free vodka for Russians and "revenge" on the "puny" Baltic states, who shocked everyone. He won more than 6 million votes, and today he leads anti-Yeltsin demonstrations.

"I've thrown my cards on the table: the Russian national idea," Mr. Zhirinovsky told legislators and reporters in the Kremlin a few months ago. "That's what I'm going to play on. And the young Russians will support me."

Mr. Zhirinovsky makes no secret of his plan: When people lose all hope in the economic changes, when rebellions begin, he will emerge as the crusading populist and will host a Russian banner of empire and restoration.

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MILITARY: Separate Armies for Commonwealth

(Continued from page 1)
 shipping enough currency to cover rising expenses in other republics.

The issue touches the heart of the hyperinflation threat that economists are predicting will soon hit.

Mr. Kravchuk's complaint drew a promise from Mr. Yeltsin that he would see to it that no noble shortages occur, particularly when the consumer prices rise again.

In response to fears of this causing economic trauma in the rest of the Commonwealth, Ukraine officials said Monday that prices in their republic, the second most populous, would be freed Jan. 10.

Ukraine also announced that it would double wages for state employees on that date, paying part of the increase in new coupons.

The republic leaders did announce agreement, however, on setting up a structure that would set defense policy under a single command controlled jointly by a Commonwealth council with representatives of the republics and advisers from their defense ministries.

As with many other points, how-

ever, it was not immediately clear how this might work in practice.

At one point in the day, the chief of the central military command, Marshal Yevgeni I. Shaposhnikov reportedly threatened to resign in the face of a confusion of authority that he foresaw in the Commonwealth's chain of command. In the end, Marshal Shaposhnikov's appointment was extended.

Reports from Soviet reporters who were allowed briefly into the meeting room indicated that the debates were often stormy.

Azerbaijani resisted the leaders' attempt to discuss the flare-up of fighting in Nagorno-Karabakh, a region of ethnic Armenians inside Azerbaijan.

Ian Macdowall Of Reuters Dies

Reuters
LONDON—Ian Macdowall, 60, the chief news editor of Reuters, died of cancer on Monday.

A native of Dingwall, Scotland, Mr. Macdowall graduated from Oxford in 1954. He started his career at the Glasgow Herald and later became its parliamentary correspondent in London. He joined Reuters as a copy editor in 1958 and worked in London and Bonn before becoming chief correspondent in Beirut in 1969.

Mr. Macdowall served in senior posts in London after he returned in 1971. From 1982 to 1987, he worked in Hong Kong as editor for Asia, Australia and New Zealand.

TRAVEL UPDATE

Greece said Monday it was undertaking an \$11-million project to restore the medieval city on the Aegean island of Rhodes. Rhodes, designated by the United Nations as an international cultural monument, bears the marks of the many cultures, including Greek, Persian, Roman, Arab and Venetian. The Knights of Saint John of Jerusalem, later called the Knights of Rhodes, settled on the island in 1309 and made it into a Christian bastion during the Middle Ages. They fought off several invasions before the Ottoman empire captured the island in 1523 and forced them to flee to Malta.

In another effort to curb growing traffic jams, Paris is increasing the number of streets on which parking, or even stopping to let out passengers, is banned. The move, to start Jan. 7, will add 10 kilometers (6 miles) to the 27 kilometers of avenues where the prohibition has been in effect for more than a year. The authorities claim a 15-percent improvement in traffic flow. (IBT)

The Weather

Forecast for Wednesday through Friday			
Area	Wednesday	Thursday	Friday
North America			
Alaska	Partly cloudy	Partly cloudy	Partly cloudy
Canada	Partly cloudy	Partly cloudy	Partly cloudy
U.S.	Partly cloudy	Partly cloudy	Partly cloudy
Europe			
Western	Partly cloudy	Partly cloudy	Partly cloudy
Central	Partly cloudy	Partly cloudy	Partly cloudy
Eastern	Partly cloudy	Partly cloudy	Partly cloudy
Asia			
Japan	Partly cloudy	Partly cloudy	Partly cloudy
China	Partly cloudy	Partly cloudy	Partly cloudy
India	Partly cloudy	Partly cloudy	Partly cloudy
Africa			
North	Partly cloudy	Partly cloudy	Partly cloudy
South	Partly cloudy	Partly cloudy	Partly cloudy
Latin America			
Central	Partly cloudy	Partly cloudy	Partly cloudy
South	Partly cloudy	Partly cloudy	Partly cloudy
Oceania			
Western	Partly cloudy	Partly cloudy	Partly cloudy
Eastern	Partly cloudy	Partly cloudy	Partly cloudy

High-Tech Cures and Aging Patients Push U.S. Health Spending Off the Chart

By Kathy Sawyer
Washington Post Service

WASHINGTON — The portion of the U.S. gross national product spent on health care is expected to hit a record high of 14 percent in 1992, according to a government report issued Monday.

The Commerce Department said health-care spending was expected to jump by 11 percent to \$817 billion—in 1992, which would make it the fifth consecutive year of double-digit increase in the largest industry in the United States.

The report also forecast average annual increases of 12 percent to 13 percent over the next five years.

"In other words, one out of every seven dollars in our economy will be spent for health" next year, an advocacy group, Public Citizen, said in an analysis of the report. The group, which advocates a national health care system supported by taxes, said health-care spending was rising about two and a half times faster than the GNP.

The Commerce Department also said the

final total for health-care spending in 1991 was \$736 billion, or about 13 percent of GNP. In 1970, it was 7.3 percent.

The rising costs are of special concern to about 34.7 million Americans who had no health insurance as of mid-1990, according to Census Bureau figures compiled by Public Citizen. The group says the actual number is probably much higher now because of recent layoffs.

Health spending is commanding a larger share of GNP not only because of rising health costs but also because of the sluggish economy

during the recession, analysts say. Some policy-makers worry that the increasing share of GNP consumed by health-care spending means less money for other social concerns.

The reasons health-care costs are rising so fast, according to the Commerce Department report, include increasing reliance by medical professionals on costly, high-technology equipment, "innovative treatment" of such illnesses as AIDS and cancer, and the aging of the population, which increases the government's Medicare and Medicaid spending.

The report also cites the rise in malpractice suits as a factor, but notes that the rate of such claims has dropped. According to the American Medical Association, malpractice claims paid in 1989, the last year for which figures are available, were down nearly a third from the mid-1980s peak.

Still, the report says, the practice of "defensive medicine" such as duplicate tests and extensive documentation as a shield against malpractice claims adds \$15 billion to the nation's health-care costs.

The report says employment in the health-care industry has grown fastest in the offices of physicians and surgeons — by 200,000 from 1988 to 1990. Hospital employment, the largest source of jobs in the health-care sector, increased by 409,000, mostly at private facilities.

Noting that the number of physicians in the United States has grown by only 32,000 during the same period, Public Citizen said that most of the new jobs were for "administrative personnel, needed to push the megatons of paperwork generated by having 1,500 different health insurers" in the United States.

With an Unabashed Appeal, Wilder Woos the Black Vote

This is the fourth in a series of articles on candidates for the Democratic presidential nomination.
By Steven A. Holmes
New York Times Service

GORHAM, New Hampshire — At 7:15, the pale gray light of an early December morning found L. Douglas Wilder, presidential candidate, standing in the cold outside a paper mill eagerly, and unsuccessfully, looking for warm hands to shake.

Arriving at the plant a half-hour behind schedule, Mr. Wilder had missed the 7 o'clock shift change, when more than 200 workers report to work. So Mr. Wilder, who readily acknowledges that his campaign's main problem is that few people even know his name, missed a chance to meet anyone except a handful of stragglers.

The Wilder campaign seems disorganized, with few volunteers or paid workers in New Hampshire. His fund raising has not met his own expectations.

'When people talk about my candidacy they talk as if I'm up against giants. Who's a giant out there?'

L. Douglas Wilder

He offers little more than slogans and a few details on important issues like health care and the economy. The presidential-campaign experience of his manager, Joe Johnson, consists of running Michael S. Dukakis's losing effort in Nevada in 1988.

At first blush, Mr. Wilder's effort gives pundits and political professionals little reason to think of the governor of Virginia as a serious contender or to predict that his candidacy will last much beyond the New Hampshire primary.

Yet this does not seem to dent Mr. Wilder's optimism. In part, he says, that is because he does not view his opponents as all that imposing.

"The amazing thing is that when people talk about my candidacy they talk as if I'm up against giants," Mr. Wilder said. "Who's a giant out there?"

"I'm so weak, who's so strong?"

For most other candidates in his position, such sangfroid would be unthinkable. But his campaign strategists and professional political prognosticators think he has an ace in the hole: the black vote.

At the start of his quest for the Democratic nomination, Mr. Wilder seemed to play down the importance of his race in his campaign, even rejecting an idea from some supporters that he announce his intention to run at George Washington's home, Mount Vernon, thereby establishing a link between the nation's first president and its first black elected governor.

But in a contest for the hearts of the liberal voters who are such a dominant force in the Democratic presidential primaries, and with the Reverend Jesse J. Jackson deciding not to run, Mr. Wilder seems to have chosen to emphasize the main characteristic that distinguishes him from the other Democratic contenders.

Mr. Wilder's unabashed appeal to racial pride was on display at the close of the first debate among the six Democratic aspirants earlier this month. While other candidates offered visions of the basis of their campaigns — establishing a national health care plan, aiding the middle class, or making the nation competitive — Mr. Wilder summed up by referring to the segregated environment of his youth and much of his adult life and by evoking the memory of a black abolitionist.

"My parents named me for Frederick Douglass," Mr. Wilder said, glossing over the fact his first name is Lawrence and his middle name is

spelled differently from the family name of the 19th-century hero. "He was a slave. And on September the 3d, 1838, he escaped and found his dream for freedom."

"I wonder if on that date he could have imagined that just 153 years later, his namesake, a grandson of slaves, would be speaking to the American people as the governor of the Commonwealth of Virginia, running for the presidency of the United States of America."

Such a nakedly racial appeal represents a metamorphosis for Mr. Wilder. Having won his party's nomination for lieutenant governor in 1985 and governor in 1989 without a primary fight, he has not run a campaign against a white Democrat in years. As a result, in his last two campaigns he played down race in favor of such themes as fiscal responsibility and support for the death penalty, which appeal more to moderate whites. He was able to pursue such a strategy secure in the knowledge that blacks would support him out of either racial solidarity or fear of his Republican opponent.

With his victories in Virginia demonstrating an ability to win white votes, many Democrats saw Mr. Wilder as a more palatable alternative to Mr. Jackson, whose strong identification with blacks and the poor was, some party strategists felt, alienating white middle-class voters.

One impediment to Mr. Wilder's securing the black vote may be Mr. Jackson himself. Earlier this month, the governor accused Mr. Jackson of pressing delegates who supported the Jackson campaign in 1988 to run as uncommitted this time. Indeed, three days before Mr. Wilder appeared at a recent convention in Las Vegas of black elected officials, Mr. Jackson met with a number of those attending and asked them not to commit to any candidate just yet.

Mr. Jackson has said the governor was using him as a scapegoat for his faltering campaign.

Although they insist they are not ignoring New Hampshire, the country's first primary, Wilder strategists make clear that as the campaign moves south to states with significant black populations, they hope his candidacy — like Mr. Jackson's in 1988 — will gather speed.

"It's too early to call New Hampshire," said Mr. Johnson, the campaign manager. "There may be a situation where we might do well there. But the expectation for us is not in Iowa and New Hampshire, but in Maryland and on Super Tuesday."

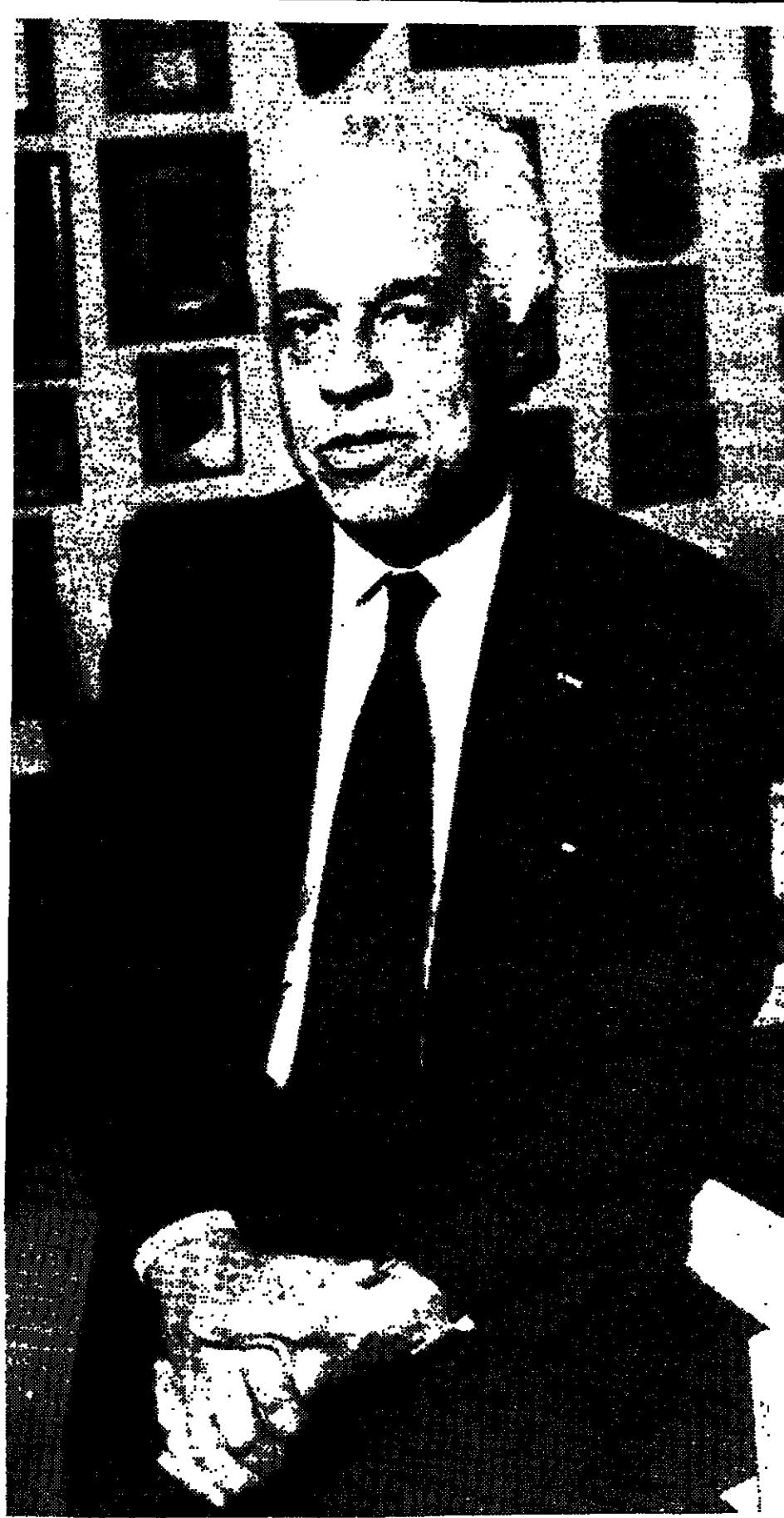
Maryland may well be the most critical state for Mr. Wilder in the early stages of the primary campaign. His solid showing in the state's primary March 3 could garner sufficient press and television attention to bring out black voters in the Florida, Georgia, Mississippi, Louisiana and Texas primaries a week later — the so-called Super Tuesday.

If his strategy is successful, Mr. Wilder will have positioned himself for a serious shot for the vice presidential nomination or for a future run for the presidency.

"I don't think he believes he can be a presidential candidate this year," said Larry J. Sabato, a professor of government at the University of Virginia. "But if he solidifies his support, he could become a real player at the convention. And in the right circumstance, he could even set his sights on the vice presidency."

Mention the possibility that he is running for the vice presidency to Mr. Wilder, however, and one gets a testy response.

"I didn't file for that," he said in an interview in his office in Virginia's capital, Richmond. "I didn't announce for that. I've never said that. I know it's difficult for people like you to understand that people like me could want to be the top. Maybe



Mr. Wilder's campaign appears disorganized, and his fund raising is below expectations.

you never wanted to be the top. But I've always wanted to be at the top.

"When I say people like you, I don't mean it personally. It is difficult — very, very difficult — for people to assume that an African-American

could actually believe that he could be the top. And it always has happened to me in reference to elections that people have said: 'Oh come on, you got to be kidding. Governor? Of the state of Virginia?'

The Gerrymander Is Looking Very Like an Elephant

By Adam Clymer
New York Times Service

WASHINGTON — Republicans are at least holding their own in the first stages of this decade's battles over congressional redistricting, and may have an early advantage in the effort to draw district lines in a way that will help them elect more representatives.

After decades of complaining that Democratic gerrymandering denied them their fair share of seats in the House of Representatives, Republicans are making progress this time with more Republican judges and the new demands of the Voting Rights Act, which make it harder for Democrats to spread minority voters around to help several candidates.

Republicans have complained that while they get nearly half of the national votes for House candidates, they rarely win more than about 40 percent of the seats, and they blame gerrymandering.

There are other reasons for this apparent anomaly, including low vote totals in many solid Democratic big city districts.

Now the battle lines seem equal or shifting toward the Republicans. Both sides have equal access to the computers, which make drawing new maps easy. But a decade of Republican appointments to the federal courts and new requirements for packing minority voters together — requirements imposed by Voting Rights Act amendments and Supreme Court decisions since the last census — have changed the map-making atmosphere.

Except in the handful of states whose populations are so small that the whole state votes for one representative, it is up to legislatures initially to approve new districting maps every decade. Political cultures vary, and in some states partisan advantage is the only goal.

In others, tradition dictates that incumbents of both parties be protected as much as possible. Federal or state courts almost always get involved when legislatures cannot agree or cannot override a governor's veto.

Only 85 of the 435 House seats have their boundaries completely settled for the 1992 elections. But the 102-seat Republican deficit in the House could be cut by a dozen seats just by new districts in California, which gains seven seats because of population growth, and in Illinois, which loses two. The House now has 268 Democrats, 166 Republicans and one independent.

Republicans have complete political control of only three states that need to draw maps for 18 seats. They hold the governorship and both houses of the legislature in New Hampshire and Utah, and a

veto-proof legislative majority in New Jersey. But they have a share of power that can prevent Democrats from running over them in redistricting 21 other states with 249 representatives, a substantial gain over their strength in the 1981-82 redistricting period.

While it is not yet finished, the California plan recommended to the state supreme court by three retired judges whom it appointed would at least undo the Democratic gerrymander of 1982. That map was critical to transforming a 22-to-21 Democratic edge into a 28-to-17 advantage.

In Illinois, two veteran Democrats in the Chicago area were affected. Representative Frank Annunzio retired after 14 terms rather than challenge another incumbent, and Representative Dan Rostenkowski, chairman of the House Ways and Means Committee, has a new district to run in and a serious primary challenge for the first time in 34 years.

Democrats have also scored some victories — dramatically in Texas, where they seem to have guaranteed the state's three new seats for themselves although court challenges remain, and quietly in Indiana, where they have strengthened the districts of three or four vulnerable Democrats.

But Texas and Indiana are states where Democratic control of the governorships and both houses of the legislature give them a heavy advantage. In five big states that have lost seats — Massachusetts, Michigan, New Jersey, New York and Ohio — the Republicans have the power to be players and to create a deadlock that would thrust the decision into the federal courts.

That is an advantage these days, because about three-fifths of federal judges have been appointed by Presidents Ronald Reagan or George Bush.

85 Journalists Killed In '91, a Record Toll

BRUSSELS — Eighty-three journalists were killed in 1991, the worst year on record, the International Federation of Journalists said Monday. Two more journalists were killed after the group issued its statement. The previous high was 58 in 1989.

The highest death tolls were reported in Yugoslavia, where 22 were killed, including one on Monday, and in Japan, where 15 died reporting on the eruption of Mount Unzen.

Bush's Message on Asia Trip: Free Trade Works Both Ways

Compiled by Our Staff From Dispatches

WASHINGTON — President George Bush left for Asia on Monday on a 12-day hard-sell mission for American goods, saying he would tell U.S. allies in the Pacific that "free trade is a two-way street."

"If we want to put people to work here at home," Mr. Bush said, "we've got to expand trade and to open markets."

"We will do all we can to make progress to drive down the barriers abroad that inhibit the creation of jobs and opportunity at home," he said before departing from Andrews Air Force Base in Maryland.

"We seek no special benefits, no rules stacked in our favor, just open markets," he said. "Trade that is free and fair."

Australia will be the first stop for Mr. Bush on a 26,000-mile (42,000-kilometer) trip that includes Singapore, South Korea and Japan.

Administration officials said Mr. Bush intended to use the trip to underscore his determination to maintain U.S. influence in the Pacific, despite the closing of American bases in the Philippines.

Although initially planned as a goodwill tour, the trip was recast as the U.S. economic recovery faltered and as Mr. Bush's approval ratings plunged.

Let me make very clear the focus of this trip: My highest priority is jobs," Mr. Bush said. "I want us to build a foundation for sustained economic growth and an ever-increasing supply of good jobs for American workers."

Although Mr. Bush did not name a particular nation, it was clear that the major target of his remarks was Japan, the source of a \$43 billion trade deficit.

"There are still too many countries where markets are closed to quality American goods and services," he said. "There are still too many countries whose consumers want but cannot buy American products."

In his departure address, Mr. Bush said he wanted to "get a firsthand glimpse of America's economic future, a world in which we will conduct more and more business and trade with partners in Asia, Europe and Latin America."

The president is taking with him executives of 21 American companies, including the Big Three U.S. automakers. He said the officials were "ready to work

hard in these markets to blaze a trail other American companies, large and small, can follow."

"My message in each country I visit will be this: free trade is a two-way street," Mr. Bush said.

The president will arrive in Australia in time for New Year's Eve in Sydney. He will go on from there to Canberra, where he will meet with the new prime minister, Paul Keating.

He will also stop in Melbourne before heading to Singapore on Friday.

He then travels to South Korea on Sunday, and is to arrive in Japan on Jan. 7. He will return to the United States on Jan. 10.

(AP, UPI, Reuters, WP)

RACE: In All the Rituals and Routines of Daily Life, a Town East of Cleveland Puts Race Front and Center

(Continued from page 1)

Oak Park in Illinois and a half-dozen others stand as oases that, while far from racial utopias, seem well ahead of the rest of the country.

"They are islands in a sea of racism," said Thomas F. Pettigrew, an expert on integration who is a professor of social psychology at both the University of California, Santa Cruz, and the University of Amsterdam. "That they work at all is what is amazing. It is much harder to pull it off when the rest of the country is going in the opposite direction."

Years ago a white Chicago alderman, fearing the arrival of blacks in his neighborhood, defined integration as the time between when the first black person moves in and the last white person moves out. By that definition, many U.S. communities have suffered a brief period of "integration," bitter for the new arrivals and the old-timers alike.

Shaker Heights has followed a different course. It is an elegant suburb with lakes, a country club and architecture that ranges from artful two-flats disguised as single-family Tudors to estates with pools and tennis courts. The community of 30,831 is home to lawyers, bankers and corporate executives. The median family income was \$55,747 in 1987.

The first blacks, mostly doctors and dentists and their families, began moving in in the late 1950s after restrictive housing covenants were declared illegal by the Supreme Court. Shaker Heights was a natural landing place for blacks looking for their dream homes. It borders Cleveland's East Side, where most houses of the city's blacks are concentrated; it is only a train stop or two from the old neighborhood, has snob appeal and a highly regarded school system.

Whites in Shaker Heights decided to make the best of it. They tried to figure out a way to prevent a white

erosion, to maintain property values and to create a stable, nonracial community. They tried to anticipate white racial fears and defuse them. One of the first steps was prohibiting, in 1964, the display of for-sale signs on front lawns to stave off panic selling.

The doomsday predictions of declining schools and property values have not materialized. Increases in property values have outpaced those in the rest of Cuyahoga County, and school test scores exceed national averages, just as they did before the first black family moved in.

Shaker Heights manages its racial housing patterns the way companies manage inventory. It tries to stimulate demand where demand is weakest and discourage demand for what is scarce. Because integration is historically a harder sell to whites than to blacks, that essentially means keeping white families in Shaker Heights.

"Unfortunately, you can't leave it to market forces," said Stephen J. Alfred, the mayor of Shaker Heights and an early leader in the integration plan. "Whites can move anywhere they can afford. The number of whites who want to move into a mostly black neighborhood is small. You have to go out and find them. Meanwhile you've got co-workers and grandparents saying, 'Don't do it.'"

To get people to swim upstream, the city rewards blacks and whites who move where the city wants them. It is a much-debated form of social engineering that for five years has given low-cost loans to members of either group if they move into neighborhoods where they are underrepresented.

Whites get help with their mortgages if they move into a neighborhood that is 50 percent or more black. Blacks get help if they move into a neighborhood that is 90 percent or more white. The loans are typically

\$3,000 to \$6,000, based on how segregated the neighborhood is, and are paid in a lump sum toward the down payment or in monthly installments toward the house note. The city grants about 25 loans a year from a \$390,000 fund financed by private donations.

Economics limits the program's reach. The white neighborhoods are the leafy mansion districts surrounding the country club, where few blacks can afford to move anyway. The neighborhoods where whites are encouraged to move have the city's most affordable housing, the smaller Tudors and Georgians. So 90 percent of the loans go to whites.

But because many blacks want to move to Shaker Heights, the city tries to direct them elsewhere when it can. Along with several adjacent suburbs that have significant black populations, it funnels similar loans to blacks if they agree, and are financially able, to move to a virtually all-white suburb. The designated white suburbs, known collectively as the Hillcrest area, neither contribute to the loan program nor advocate it.

"In terms of creativity and ingenuity, it represents a sharp break from past thinking," said Marc Zegans, research director for Innovations in State and Local Government, a program of the Kennedy School of Government and the Ford Foundation, which cited Shaker Heights in 1988 for its integration initiative.

"Integration needs to be managed," he said, "until we have a society that accepts it as the norm." Because many residents live in neighborhoods that are dominated by one race or the other, Shaker Heights is at its most integrated when the children go to school.

Slightly more than half the students are black, and some schools had become predominantly black or white until the city consolidated the system and re-

draw school boundaries in 1987. Less than 3 percent of the students are Asian, Hispanic or Indian.

Now each elementary school goes only to the fourth grade and takes in enough children from the nearest black neighborhoods and enough from the nearest white neighborhoods to get a 50-50 enrollment. The balance issue is moot for the other grades because there is one school for all the city's fifth- and sixth-graders, a middle school for all seventh- and eighth-graders and the single high school.

But even though the students are in the same building, the high school in particular is more like two schools in one. Advanced placement and honors classes are overwhelmingly white. Regular college preparatory classes are overwhelmingly black.

White students in Yale and Dartmouth sweatshirts walk the hallways with whites to their honors classes and black students in Howard and Spelman sweatshirts walk with blacks to their classes.

In the cafeteria, with only a few exceptions, blacks sit with blacks and whites with whites. They are generally segregated by sex as well. There is no pushing, no shoving, rarely a cross word or rolling of eyes, just peaceful, mutual, voluntary segregation.

"You don't have a choice in the classroom," said Kirk Nims, a black sophomore. "You eat lunch with who your buddies are."

The students say they have nothing against any other group and have friends of the other race whom they have known since elementary school.

"There's a lot of pressure," said Bill Kuendig, a white freshman. "If you sit with blacks, your friends would say, 'Why are you hanging out with those other people? I know it's not good. But people tend to go where they're comfortable.'"

MEXICO: A Higher-Profile Era

(Continued from page 1)

States and their descendants. The Salinas administration has had only limited success so far in drawing Hispanic political groups behind its campaign for free trade. But officials in Mexico City are suggesting that Mexican-Americans could become a better source of political support for Mexico in the United States.

It has been Mexico's quest for a North American Free Trade Agreement, more than anything else, that has dictated its new, more vigorous approach to American politics. But in trying to win over many of the American special-interest groups that have opposed a trade pact, the two governments have also involved more new players in the relationship than either of them might have chosen.

The Bush administration finally won permission to negotiate a treaty that Congress could not amend. This is because the administration promised last spring to address concerns about the expected effects of the plan to establish a continental free-trade zone. Since then, American labor, environmental and human rights groups, which the Mexican government used to ignore, have seen their influence in Mexico rise sharply.

For all its intensity, the results of Mexico's new approach to American politics remain to be seen.

After hundreds of conversations with members of Congress and their constituents, Mexican officials still found their hopes for achieving a free-trade accord next year to be at the mercy of political forces beyond their influence when Mr. Salinas met with Mr. Bush on Dec. 14. With the United States economy still weak, labor opposition to a trade pact is strong, and with the presidential primaries only a few months away, Mr. Bush agreed only to try to conclude a trade agreement "as soon as possible."

To business executives for whom Mexico evokes thoughts of corruption and state control, the agreement offers a guarantee that the sweeping economic liberalization undertaken by Mr. Salinas will continue after he leaves power.

The message of a new Mexico has been delivered with particular insistence in Washington.

Under Gustavo Petricoli, the Yale-educated former finance minister whom Mr. Salinas named ambassador to the United States, the embassy in Washington has roughly doubled in size. The number of press attaches and liaisons to Congress has grown even more quickly, and the new embassy is a gleaming structure that occupants invariably describe as being "just down Pennsylvania Avenue from the White House."

At the strong recommendation of Canadian officials, Mexico also began spending millions of dollars to lure many of Washington's best-known trade lobbyists, including Charles E. Walker, Robert Herzstein and at least two former top aides to Senator Lloyd Bentsen, the Texas Democrat who is chairman of the Senate Finance Committee.

A State Department official said in Washington: "The Mexicans used to be invisible here. Now they're all over the place."

But it has not simply been a matter of Mr. Salinas's going to Washington, although he has now met with Mr. Bush eight times in three years.

In April, Mr. Salinas visited six other American cities, sweeping through Texas and speaking Spanish to Mexican-Americans in Chicago. And in New York, San Antonio and Los Angeles, where he has inaugurated each stop of an art exhibit called "Mexico: Splendors of 30 Centuries," the government has choreographed celebrations as rich in subtle politics as in art.

Herald Tribune

Published With The New York Times and The Washington Post

Go Beyond Arms Control

Secretary of State James Baker's attempt to round up all the loose Soviet nuclear arms was a qualified success. He received assurances from five of the newly independent republics that all the nuclear arms on their soil would remain under firm central control. But unless the weapons in central control are dismantled, there is no guarantee that the world will not wake up one day with a bad case of instant proliferation.

The leaders of Ukraine and Belarus, aware that holding on to these arms would cause more grief than they are worth, have agreed to scrap them. But Kazakhstan balked, declaring that it would keep some nuclear arms as long as Russia does. Although there is no reason to assume that Kazakhstan's president, Nursultan Nazarbayev, is any less responsible than Russia's president, Boris Yeltsin, political uncertainties in Central Asia are such that America would feel more secure if the Kazakh leader gave his arms up, and soon.

That could be done without tarnishing Kazakh pride if Russia agreed to substantial cuts in its own nuclear forces. For that to happen, the United States would have to make equivalent cuts. And what better use can Washington make of its nuclear arms than to trade them in for Soviet ones?

Ukraine and Belarus, which had suffered most from the fallout of Chernobyl, were amenable to becoming nuclear-free, but nationalism made them hesitate to turn their arms over to Russia. Mr. Baker's astute

answer was to offer U.S. facilities to assist with storage and dismantling, and U.S. inspectors to verify destruction. The U.S. Congress wisely prompted Mr. Baker with \$400 million to do so.

But Kazakhstan was ready to yield only its short-range nuclear arms, not its 104 long-range missiles, armed with 10 warheads each. These pose no immediate danger. Kazakhstan lacks access to the launch codes or to the computer programs and satellite data that permit targeting. But the missiles remain a menace should Kazakhstan break with its sister republics. And what about its bombers?

Mr. Baker proposed that Kazakhstan get rid of its nuclear arms and that Russia make reductions, but Washington was niggardly about its own cuts. President George Bush can offer a more acceptable alternative when he meets with Mr. Yeltsin before long.

While they are at it, the two leaders might agree to control the weapons-grade nuclear material extracted from dismantled arms, perhaps by placing it under joint supervision by the United States and the former Soviet republics. That may require Washington to put material from its own dismantled arms under the same supervision, a move that the Bush administration is resisting.

Washington needs to go beyond controlling nuclear arms to deeper cuts. The fewer nuclear arms the better, and the fewer states that have them, the better still.

—THE NEW YORK TIMES

Taiwan Sets an Example

As China settles further into repression, Taiwan settles further into democracy. The progress in the latter place is one of the more cheering and less remarked political developments anywhere. It confounds glib pronouncements that Chinese people do not know how to handle democracy, and sets up a clear yardstick by which to measure Beijing's lagging pace.

For decades the Republic of China, representing the Nationalist faction that lost China's civil war to the Communists and retreated to an offshore redoubt, was rigidly anti-Communist in an authoritarian style. It met its patron Washington's opening to Beijing in the 1970s with a prolonged sulk. But in the 1980s Taiwan got smart and adopted a strategy of controlled democratization, by this one stroke setting itself clearly off from Beijing in the world's eyes and responding to its own maturing population's demands.

The key move was to admit into political life an opposition party speaking for the island's 80 percent native Taiwanese majority. It posed a risk of encouraging Taiwanese separatism, but it paid off on Dec. 21 when, in the closest thing to free elections in 40 years, the Taiwan electorate voted in a

landslide for a Nationalist legislature. The vote was a reward for the liberalization, prosperity and stability delivered by the Nationalist government. The new legislature is meant to amend the constitution in order to plant Taiwan institutionally, and not just by leadership choice (which can change), in the democratic column.

Were voters influenced by China's threats to invade if Taiwan, forsaking the one-China platform on which mainland Communists and island Nationalists agree, turned to independence? Beijing's threats are not what they used to be. Twenty million people to the mainland's billion-plus, Taiwan has drawn China into a web of personal contacts measured in the millions of visits and of business transactions measured in the billions of dollars. These new ties amount to a serious effort by both Chinas to take their mutual destiny as Chinese into their own hands.

"Peace by pieces" is what people on Taiwan like to call it. It exposes China to a way of life prosperous and democratic beyond imagining now on the mainland. In this way does Taiwan's progress serve China's people as well as its own.

—THE WASHINGTON POST

Now Help U.S. Business

When Barbara Franklin takes over as the new Commerce Secretary after confirmation, she will have a key choice to make. She can emulate her predecessor, Robert Mosbacher, promoting exports and taking care of technical responsibilities, like overseeing the census. Or she can engage the Commerce Department in the problems confronting U.S. business as it heads into the next century.

Targets of opportunity abound. The Commerce Department could lead major new efforts to solve the crisis of skyrocketing medical costs facing small businesses; to create a tax code that rewards productivity-enhancing investment; to take high school dropouts and turn them into skilled workers.

With the demise of the Soviet Union, the United States needs to convert military institutions to civilian use. Without uttering the words "industrial policy," the Commerce Department could design modest ways to

ease the transition, sparing beleaguered communities unnecessary disruption.

And in the evolving world of globally competitive companies, America's antitrust laws could use some pruning. If regulations that are no longer needed to protect consumers from domestic monopolies were eliminated, U.S. companies would be better equipped to take on foreign behemoths.

The department has not been, of late, a forceful player in these debates. But Ms. Franklin has the talent to turn that around. Among the first women to receive a Harvard MBA, she is an expert on management with excellent connections in the business community she will be in charge of representing.

"There's a lot more to the Commerce Department than export promotion," a top administration official said. Ms. Franklin's mission is to find what is more.

—THE NEW YORK TIMES

Other Comment

A Stark Wish List for 1992

The morrow, as ever, comes down to this: a world to rebuild, to reinvent, to make better. And so our best wishes — in addition of course to those for the happiness, prosperity and health of our readers and their loved ones — could go as follows.

May George Bush wage peace as well as he waged the Gulf war. His responsibility as sole world policeman after the disintegration of the U.S.S.R. is heavy indeed.

May Boris Yeltsin be reasonable. May deep poverty start to recede at last (New York has 250,000 homeless and three starvation deaths daily) — or let's stop hearing about the advances of our civilization.

May AIDS research succeed.

May we face up at last to the matter of the drug traffickers.

May black Africa's awful plight keep the West awake at night. May the collaboration between industrial society and a Third World in distress be organized generously.

May the first effects of this Europe we keep hearing so much fine talk about be felt above all in employment.

The list is somber, and incomplete. Duties — there is a notion that used to be widespread but that we may have erased rather rashly. Duties of each of us, duties of the press, duties of politicians.

—La Manche Libre (Saint-Louis, France).

America First, Stress Second

President Bush embarks on his Asian trip at a moment of rising discontent at home. Congress is talking up punitive trade legislation aimed at Japan. Several Democratic presidential candidates are questioning the need for an activist foreign policy. Mr. Bush even faces a Republican challenger, Patrick Buchanan, who is running on a strident theme of "America First."

That term, "America First," is powerful these days because it suggests that U.S. foreign policy is being dictated by something other than our national interest. That's not true, of course. We have always practiced an "America First" foreign policy. What's different now is that, faced with an economic crisis, Americans have lost faith in the basic assumption of that approach. We no longer believe that by helping others, we help ourselves as well. That's a classic reaction to economic stress.

—The Atlanta Constitution.

Democratic congressmen, led by Richard Gephardt, want Japan to eliminate the massive Japanese trade surplus in five years. But what do these lawmakers want Japan to buy from the United States? More gas-guzzlers and Washington apples? Chances are that some of the 21 CEOs accompanying Mr. Bush would want to sell part of their unprofitable businesses to some Japanese buyers.

—The Nation (Bangkok).

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OPINION



How the United Nations Could Break Up Civil Wars

By Brian Urquhart

NEW YORK — Civil war with modern weapons is a brutal and destructive business that is often extraordinarily hard to stop. Until now such situations have generally been considered to be beyond the jurisdiction of international or regional organizations. Even the provision of international emergency humanitarian assistance has often proved difficult and controversial.

In Yugoslavia, the pattern of non-intervention has been cautiously put aside. Both the European Community and the United Nations are involved in efforts to halt the fighting and foster the process of peaceful settlement.

In Somalia, in an even more lethal civil war, there has been virtually no regional or international effort to stop the fighting, and it has become increasingly difficult to provide even minimum humanitarian relief.

In other formerly proud states, sovereignty is also dissolving into anarchy, fueled by old feuds and grudges and an abundant supply of arms.

In Yugoslavia, part of the problem is that without a cease-fire there can be no peacekeeping force, but without a peacekeeping force a cease-fire is unlikely. A similar impasse is likely in other places where there are international efforts to end civil wars.

In this time of extraordinary

change, would a new approach be justified and could it be agreed on?

At the moment, the United Nations has basically two military operations. The first is traditional peacekeeping — that is, forces that can be deployed only after a cease-fire is in place, that are accepted by the parties to the conflict and that may only use force in self-defense.

The second option is a large-scale collective enforcement action such as that in Korea in 1950 or, under Chapter VII of the Charter, in Kuwait in 1991 — both under U.S. leadership.

A third category of international military operation is needed, somewhere between peacekeeping and large-scale enforcement.

It would be intended to put an end to random violence and to provide a reasonable degree of peace and order so that humanitarian relief work could go forward and a conciliation process could commence.

The forces involved would be relatively small and representative internationally; they would not have military objectives as such. But, unlike peacekeeping forces, such troops would be required to take initiative at least in certain combat risks in bringing the violence under control. These would

essentially be armed police actions.

This idea raises both political and practical questions.

International intervention in most forms is now extremely suspect in many parts of the world. New rules of engagement would have to be devised. Staff, training, planning and command structures would have to be developed. A wide range of governments would have to be willing to provide highly trained and well-led military contingents under UN command.

In 1945, after six years of war, Article 43 of the Charter was considered to be an important practical innovation. It provided that UN members would "make available to the Security Council . . . armed forces, assistance and facilities . . . necessary for the purpose of maintaining international peace and security." Thus the Security Council would have the means to enforce its decisions, and the UN members would participate in this process according to their capacity.

Paralyzed by the Cold War, the Security Council never activated Article 43. Perhaps Article 43's time has now come. Although in a broader context the originally intended by the words "international peace and

security." The aim would be to enable the Security Council to deploy an international force quickly in a situation where the cycle of violence could not be broken except by firm intervention.

Such a situation now exists in Somalia and perhaps in Yugoslavia. It existed in Liberia until the military intervention earlier this year by the Economic Community of West African States. Such situations exist or can be expected in a number of other places as well.

As with all innovations, there will be plenty of arguments against intervention by a new type of international force. But there is one large argument in favor of it. The unraveling of national sovereignty seems to be a feature of the post-Cold War period. In more and more situations, only firm and evenhanded intervention from the outside is likely to put an end to self-perpetuating bloodshed and the progressive ruin of once peaceful human societies.

Can the United Nations do something to meet this challenge? Or must the world continue to stand by and watch the carnage on television?

The writer, a former United Nations undersecretary-general, contributed this comment to The New York Times.

Business Over Politics Means Change for China

By David C. Unger

BEIJING — "Welcome to Beijing — Hyundai." The South Korean sign, in big English letters, catches your eye as you step outside Beijing International Airport. Although China maintains diplomatic links with North and South Korea, it is now doing business with some of the South's biggest businesses.

Samsung's logo adorns airport luggage carts. Ads for Lucky Goldstar and Daewoo products can be seen in central Beijing.

The Hyundai sign at the airport carries an implicit additional message: In today's China, business takes priority over politics, at least for foreign business travelers.

Chinese citizens are also welcome to enjoy the fruits of the booming entrepreneurial economy. But they must act within the political guidelines of the moment. Passive cynicism is tolerated; speaking out against the party or government invites shockingly harsh punishment.

China's ideologues call their system "socialism with Chinese characteristics," by which they mean a combination of useful features drawn from both capitalism and socialism.

What they find most useful about capitalism is its ability to generate wealth. The earnings created by foreign joint ventures and domestic private enterprise can be taxed and used to fund the government's activities, from state enterprises to social welfare to repression.

Beijing's most conspicuous borrowings from socialism right now are the "democratic dictatorship of peasants and workers" and the Communist Party's guaranteed "leading role." Through this hybrid formula, the old guard hopes to survive the worldwide collapse of communism.

A dozen years after Deng Xiaoping began jettisoning the stifling economic policies of Mao Zedong-style socialism, China's surviving leaders can fairly claim credit for dramatically improving living standards.

They also deserve considerable credit for rescuing China from the chaos and arbitrary terror of Mao's Cultural Revolution.

But the impulse for political freedom has been

met with tanks, bayonets and prison camps. Bourgeois economic incentives are in, bourgeois political liberalization is out. Can this contradictory program contain the revolutionary political impulses that have been shaking the world?

The regime has reestablished the Chinese political system after the convulsions of the 1989 student-led democracy movement and the trauma of the tanks in Tiananmen Square. As long as the present leadership remains alive and united and continues to deliver economic gains, its prospects are fairly good.

However, as even the hard-liners understand, further material gains can come only from economic reform and from maintaining China's opening to the outside world. And that is bound to bring to China's population information about democratic trends elsewhere and about international support for the victims of Beijing's political repression.

The sequence of future developments in China can only be guessed at. But it is clear that the core contradictions cannot be contained indefinitely.

The New York Times.

How Japan Can Help Stop American Protectionists

By C. Fred Bergsten

WASHINGTON — Japan's trade surplus is soaring again. It will probably hit a record \$100 billion for 1991 and rise even higher in 1992. Japan now has the only sizable surplus with Europe and even South Korea as well as the United States running large deficits.

Two steps are urgently required. The value of the yen should be raised substantially, and the Japanese must be encouraged to end the recent stagnation in domestic spending, which has led to renewed reliance on exports.

The grossly undervalued yen is now weaker than at the end of 1987, but a lot has happened since then to

improve Japan's competitive position. Its inflation has been 8 to 10 percentage points less than American inflation in this four-year period (about 2 percent a year as compared to America's 4.5 percent). Its productivity has risen by 8 to 10 percentage points. This means that the yen is now undervalued in trade terms by 15 to 20 percent.

President George Bush should therefore work out an agreement with Japan to strengthen the yen to about 100 to 1 against the dollar from its current level of about 125 to 1.

Clear statements and joint intervention in currency markets by the Group of Seven industrial countries should be enough to start the bandwagon rolling on exports.

A similar strategy from 1985 to 1987 succeeded, so we know that currency changes would promote a turnaround.

The second immediate cause of the surge in Japan's trade surplus is an abrupt slowdown in domestic spending as an engine for expansion. After five years of rising demand for imports — a period in which Japan's surplus declined by more than 5 percent of its real GNP — Japan's internal spending has stagnated for the past six months.

Import growth is flat, and Japan is once again relying on exports.

Mr. Bush should therefore seek a Japanese commitment to restore domestic expansion, each percentage point of which would cut Japan's surplus by about \$3 billion.

Japanese national and local government combined is running a sizable surplus. Hence the country is in a good position to stimulate the economy through new tax cuts and spending that would improve living standards. It is incomprehensible that the Japanese bureaucracy is now contemplating new tax increases instead. These must be firmly rejected.

America cannot blame Japan for its own present recession or more fundamental economic woes. The United States will restore solid and sustained growth only when it deals decisively with its own basic problems. But Japan's soaring trade surplus indicates that production and jobs are being created there at the expense of growth in the rest of the world, much of which is stagnating, rather than through domestic spending on better housing and other amenities desperately needed by the Japanese people.

These trade patterns are particularly critical for the United States. Its recovery depends heavily on trade gains. Its huge budget deficit precludes significant government spending to expand the economy, and the

financial system's fragility is stifling what should be the stimulating impact of low interest rates. If the Japanese trade excess continues, new protectionist actions are extremely likely.

Prime Minister Kiichi Miyazawa carried out a program like the one proposed here in 1986 and 1987 when he was finance minister working with then Treasury Secretary James Baker. Mr. Miyazawa could make a dramatic contribution to the world economy and U.S.-Japanese relations by initiating such steps with Mr. Bush. This would show that Japan was finally ready to accept the global responsibilities that must accompany its economic success.

The writer, a former U.S. assistant secretary of the Treasury, is director of the Institute for International Economics. He contributed this comment to The New York Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1891: Belgian Influenza

BRUSSELS — Prince Caraman-Chi-may, the Minister of Foreign Affairs, is still laid up with influenza, complicated by gout. Influenza is still making great progress, especially at Antwerp, where many deaths have occurred among influenza patients aged between fifty and sixty. At the Stuyvenberg Hospital sixty serious cases have been admitted within the last forty-eight hours.

1916: A Call to Economy

LONDON — The National War Savings Committee has begun an economic campaign specially intended to rouse women of all classes to a recognition of the vital importance of economy, and to wake them in them a sense that they themselves have a special part to play. The underlying desire is to produce in the mass of women such a corporate spirit that any women using luxuries whose manufacture absorbs the labor of

Bush Falls Victim to The Wind

By Charles Krauthammer

WASHINGTON — Ronald Reagan ran for president on ideas and promises. George Bush did not. Mr. Bush had no agenda. He promised only to be an adequate steward for the country. Stewards are not hired for their beliefs. They are hired for their reliability.

It is not dismaying, therefore, to discover that Mr. Bush does not believe in very much. He never pretended to. What is dismaying is to see him begin his re-election campaign by running away from the few things that he does believe in.

First among these is America's role in the world. By history and conviction, Mr. Bush is a committed internationalist. World War II volunteer, UN ambassador, CIA director, author of Desert Storm — George Bush understands the importance of the world to America and America to the world.

Yet now that he is being challenged on these beliefs by America Firsters of both parties, he heads for the tall grass. Ever since the Pennsylvania senatorial election, in which President Bush's stand-in was defeated with the slogan "It's time to take care of our own," the president has been tending and tending.

The very day Dick Thornburgh lost that election, Mr. Bush canceled his trip to Japan and the Far East. When he rescheduled it, he decided to take along as traveling companions 21 corporate executives, as a way of demonstrating that this trip is not about foreign policy.

"My mission is about jobs," he explained. Or, as he now prefers to say, about "jobs, jobs, jobs," a phrase he recently managed to use three times in one day.

Asked at a press conference about the rapid deterioration of the Soviet Union, Mr. Bush replied: "Foreign policy? Wait a minute, I didn't come here to talk about foreign policy."

Indeed not. For weeks he responded to the greatest Eurasian unraveling of the half-century with "Golly, golly, golly." When he decided finally to make the case for America's stake in the post-Soviet future, he was careful to offer no significant new aid and not to make the case himself.

Instead he trotted out the secretary of state to make the case at Princeton.

In his brief televised farewell to Mr. Gorbachev on Christmas night, Mr. Bush again offered no new aid to America's new and desperate post-Soviet "partners." He did manage a rhetorical poke at isolationism, but he was ever so careful to justify his seven-minute foray into foreign affairs by stressing the importance of the "global economy" for "jobs and economic growth right here at home."

Mr. Bush has taken to defending his internationalism as a form of domestic policy, as a way to shore up U.S. markets and, of course, create jobs.

One expects this kind of provincialism from Representative Richard Gephardt, who recently said that the United States needed to try to help the former Soviet Union "to become capitalistic, to go to prices, to go to open market, so we can sell our products in that market."

Where is the president who believes that a strong foreign policy, apart from its cash-and-carry economic bonuses, is a good in itself? This surrender on foreign policy is not just bad faith. It is bad politics. It concedes the entire debate to the opposition.

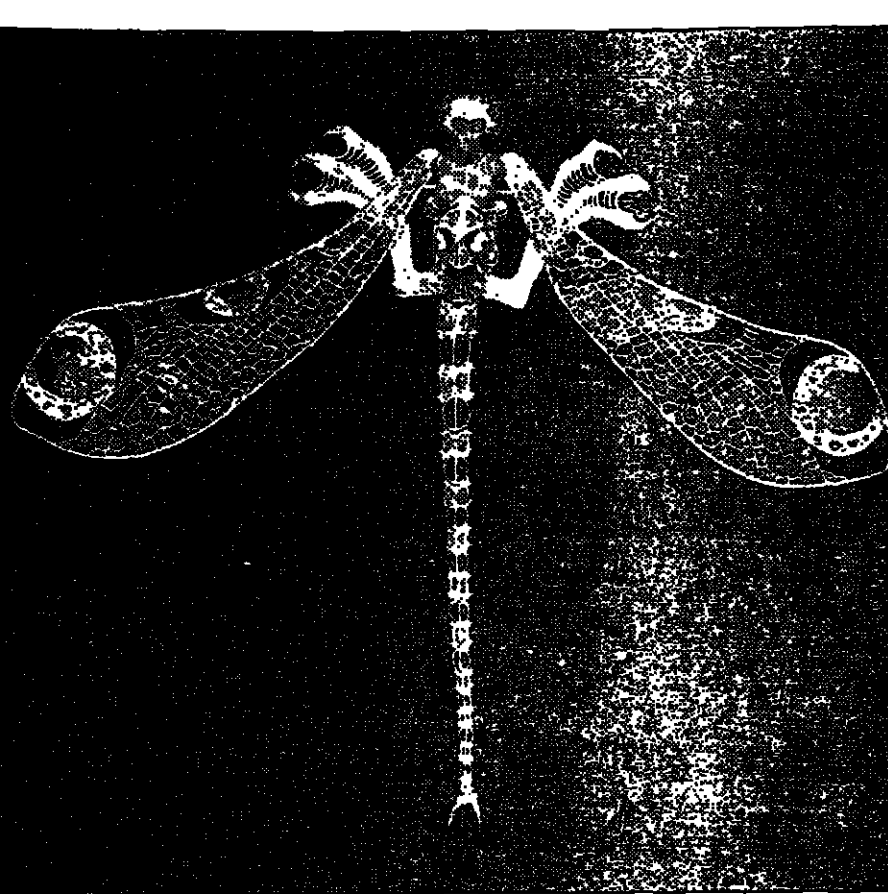
The president's singular political strength is foreign policy. The opposition's only hope to counter Mr. Bush's achievements in this area is to insist that they be judged purely by their immediate domestic effects, the surest way to deflate any foreign policy. What were the immediate domestic benefits of such towering achievements as the Truman Doctrine and the Marshall Plan? None. Yet Mr. Bush concedes the premise and forfeits the issue.

One of the other rare things that this president believes in is free trade. Yet now, with his polls slipping, the recession dragging and foreign-bashing in the air, he has begun some not so subtle repositioning. His "fun is now" "free and fair trade" fair trade being with the classic protectionist code word, favorable of Lee Iacocca and the other ardently protectionist auto executives Mr. Bush is taking with him to Japan.

Having few principles is not an indictable offense. Many politicians, after all, have none. But giving up the few you have with a change in the wind is a serious matter. It is not just a matter of politics, although one can ask: Who needs two Democratic parties? It is a matter of character. Take away Mr. Bush's belief in internationalism and free trade, and what is left?

Washington Post Writers Group.

Style



Art and Nature in René Lalique's Creations

PARIS — The petals of an overblown orchid hang over a hair comb — a spread eagle of nut-brown horn and ivory. Like so many of René Lalique's extraordinary jewels, it represents nature so perfectly that the flower seems on the point of withering and dying. Other images show a hat pin of striped

section of the natural world created with awe-inspiring technical skill. It marks Lalique, whose glass is better known than his earlier jewelry, as one of the great artists of this century.

The exhibition at the Musée des Arts Décoratifs begins with the decorative grill of winged bronze female figures that formed the window display of Lalique's stand at the 1900 Exposition Universelle in Paris. The sculpted nude bodies emerging from a tracery of feathers suggest the sinuous lines and the exotic eroticism of the jewels, in which ivory lovers embrace in a tangle of long tresses or enameled wistarias tumble over bared breasts. There is a fin de siècle decadence in the idea of a female form embroiled in an old man's beard, in world-weary leaves curling over a green tourmaline, and in the woman rising breast-high from the jaws of a dragonfly, above outstretched lacy wings and grasping claws.

Lalique was a fashionable jeweler, creating dramatic ornaments for the grande dame actress Sarah

Bernhardt or the *grande horizontale* Liliane de Pougy. The museum's own collection includes 67 pieces bequeathed by the clients of the time, who included the Marchioness d'Arcoati-Visconti and Natalie Clifford Barney. The corsage ornaments look like period pieces, especially the 1898 intertwined sea-green enameled serpents — the same theme picked up again in 1901 for an evening purse, embroidered with snakes whose heads clasp together the python-skin frame.

Nothing is more evocative of the Belle Époque and its crescendos of upswung hair than the decorative comb. Lalique was fascinated by Japanese art, as a fellow jeweler, Henri Verne, pointed out in 1898, "it was the Japanese who were the first to have the idea of transforming hair combs as objects of adornment in the 17th century."

Using the simplest materials like horn, transformed with an iridescent bloom, Lalique poured into the hair ornaments his fascination with nature and his artistic melancholy. Here are two long hair pins as clumps of lacy cow parsley sprinkled with a dew of diamonds; there are succulent cherries dangling on diamond-studded stems; here are butterflies, beetles, wheat sheaves, or a vista of sun setting behind winter trees.

The translucence at the heart of Lalique's vision is shown to magical effect in the combs, which are lit from behind to emphasize the airy lightness. Although the exquisitely delicate colors tend to get lost in the murk, the dramatic mis-en-scène of the Paris exhibition, using spotlights and suspending the jewels, works well for the neck plaques, each a tiny scene evoking an atmosphere.

Lalique's view of nature was neither sentimental nor ecologically correct.

sphere from a kitchen garden of glassy peas-in-a-pod to stories of myth and allegory. As with the more straightforward representations of nature, there is often something strange or disturbing in Lalique's imagery.

The most remarkable of the exhibits are those drawn from the 145 works commissioned by the financier Calouste Gulbenkian between 1895 and 1910 and on loan from the Gulbenkian Foundation in Lisbon. Lalique's great patron was an art collector who allowed him to create fantastic and original jewels as aesthetic objects rather than

something to wear. This gave Lalique exceptional freedom, for he had complained that "few of my clients know how to wear my jewels, which demand, to be seen at their best, a tonality of color. You can't put an artistically worked plaque or a pendant on an embroidered bodice."

The polymath Lalique created his own fabric in 1907 — scarves woven in silk with gold wheat sheaves.

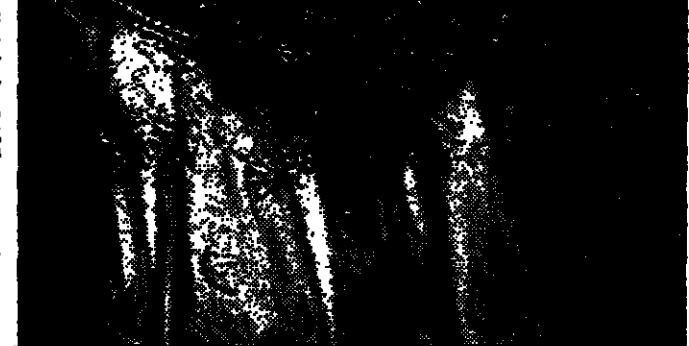
By 1910 Lalique, dispirited by the mass-produced copies of his art jewelry flooding the market, switched to glass, a craft for which he is much better known in France than for his jewels, although they too were made in glass, like the 1919 lilac pendant circle engraved with a petal flower or a 1922 necklace of opalescent lilies-of-the-valley threaded on silk.

After the emotional turmoil of the jewels — the writhing bodies, luxuriant blooms and beating birds' wings — the glass on display seems an ocean of calm. The workmanship is very fine, from the 1930 silver mirror backed with glassy globules of wistaria to the simple vases and decanters with bulging sculpture at the base or inset with plaques containing naked maidens or a medusa's head. Marie-Claude Lalique, the founder's granddaughter, carries on the great tradition

and has made the name of Lalique synonymous with the watery wonders of glass carving. The company today has eight shops worldwide from Paris through New York, London, Singapore and Hong Kong, and had a turnover in 1990 of 350 million francs.

Marie-Claude Lalique says that she discovered her grandfather as an artist through his breathtaking jewelry. "I felt as though I had been totally swept away into a magical world where imagination and poetry were upheld by subtle but painstaking creation," she said. "I learned to understand the process of being guided by a constant quest for novelty, while admiring the care that went into ensuring that all his creations were perfect."

That really is the message of the exhibition, in which the technical realization — in base and brittle horn, in translucent enamel, in the miniature carvings of ivory angels — is as extraordinary as the imagination of the original concept. Maybe that too has a message for today: We have come to believe that nature always knows best, yet it still takes dedicated craft and consummate skill to turn nature into art.



Lalique designs: Sarah Bernhardt in a dramatic headpiece for Sardou's "Théodora", a diadem and brooch, top left, other brooches, and a silver and glass goblet.

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Sweden	S. Kr. 45,000	24,000
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International Herald Tribune

STYLE MAKERS

Dany Kornfeld
FROM OLD TO NEW

New York Times Service

NEW YORK — The small abstract gold earrings reflect the light in the tiny store as Dany Kornfeld leans over a green leather jewelry case lined in green suede. Though they are an ancient Celtic design, the earrings do not clash with her casual contemporary turquoise sweater.

Kornfeld, 41, specializes in contemporary jewelry made from an-

tique coins, seals and objects. Last week she opened a small shop, Ariadne Jewels, adjacent to Ariadne Galleries, established by her partner, Torkom Demirjian, a decade ago to assemble ancient art objects to sell to collectors, museums and decorators. The jewelry shop is an outgrowth of that business.

"Sometimes the collector would see some coins he liked and ask us to make some cuff links for him," she recalled. "Or he would ask for earrings for his wife. Sometimes she would get hooked on the history as well as the beauty of the object, and ask us to make necklaces, bracelets and brooches."

AS the jewelry collection grew, it began to outgrow the space available in the gallery. So the shop next door was opened, its mahogany walls offering a warm backdrop for pieces that range in price from \$1,500 (a ring) to five figures. Kornfeld opened the case and removed a tiny bronze sculpture of a dog from Greece in the fourth century B.C. It has become a pendant, circled by 22-karat gold with a loop at the top for attachment to a chain. "In its first life, it must also have been a pendant, because it was made with this loop," she said.

Ancient seals that have been transmuted into different kinds of

ornaments still work. She demonstrated this by pressing a wad of clay against the surface of a delicately carved carnelian stone clearly depicting a dancing satyr. An impression of the satyr was transferred precisely to the clay.

In addition to carnelian, garnet and lapis are other engraved stones, used in the ancient world as both seals and jewelry. These were popular again during the Renaissance among powerful families like the Medicis, Kornfeld said.

Coins are an important part of her jewelry collection. "To find two identical coins is rare," she said. "When we do, we tend to turn them into cuff links or earrings." Other coins become part of necklaces or bracelets.

The coins and stones she works with come from "the birth of art, some 3,000 years B.C. to the middle ages," she said. "Because of the strength and integrity of their design, they never conflict with our modern sensibility," she said.

Born in Strasbourg, she trained to be an interpreter in Geneva and Heidelberg. "I took courses in Heidelberg in ancient coins, and I knew I could not be a translator — the coins were much too fascinating."

Todd Oldham
FLAMBOYANCE SELLS

New York Times Service

NEW YORK — Todd Oldham never went to design school. He taught himself how to make patterns and really wants to be a film director. But in three years he has achieved what some designers struggle a lifetime for: His clothes are sold in many of the best stores in the United States and he is the recipient of the Council of Fashion Designers of America's 1991 award for new talent.

"I haven't had any formal training, but that has worked to my advantage," he said in a recent interview. "People don't know what to expect."

They often get the unexpected. His collections are filled with original notions like beaded patchwork madras; paint-by-number scenes on pockets; Hawaiian leis encircling a skirt; Byzantine-mosaic patterns; real coconut-shell bras, and shirts covered with embroidered monograms.

"There are no basics in this collection," he said. "That's not what the buyers come to me for." What they go to him for are well-made clothes that combine whimsy

with sophistication. His simple shapes are embellished with jewels, embroidery, beading, crocheted work or fanciful buttons. He sends fabrics to India to be hand-embroidered and hand-beaded, then has them made into garments at his mother's factory in Texas.

Oldham was born in Corpus Christi, Texas, in 1961 and traveled with his family around the United States and in the Middle East before returning to his home state in 1978. His first job in fashion was in the alterations department at the Polo/Ralph Lauren boutique in Dallas.

"I didn't go to college," he said. "I barely graduated high school. School is not for me — too many boundaries." By 1981, he was in business as a designer with his brother, Brad, who now makes many of the wild buttons that are a Todd Oldham trademark.

The buttons helped put the designer on the map when he moved to New York in 1983 and started a women's shirt collection called Times 7. "Seven's my lucky number," Oldham said, "and the name just popped into my head." The shirts are basic styles with mix-and-match, as well as antique, buttons — but mostly designs like animals, tea cups or other oddments.

"I started Times 7 because I didn't want a real job," he said. "I

wanted to go to film school." But the shirts really took off. Times 7 is the cash cow that allows me to do coconut bras."

Film school was put on the sidelines again in 1989, when he signed with Onward Kashiyama, a Japanese company, to design a collection that they would distribute.

HE presented his first formal show for the fall 1990 season, and, thanks to a flair for showmanship, he was noticed by the press and important retailers. His shows feature rap music, wild wigs and guest models like Queen Latifah and Billy Beyond, a drag performer.

His flamboyant shirts and collections, however, are controlled enough for stores like Bergdorf Goodman, Bloomingdale's, Neiman Marcus, Henri Bendel, Saks Fifth Avenue and Martha International. The Times 7 shirts range in price from about \$100 to \$260; the designer collection starts at \$160 and goes up to \$4,800 for elaborate beaded dresses.

"I never expected the beaded stuff to sell," he said, "but it became the best-selling part of the collection." He did not look at all unhappy.

Anne-Marie Schiro

Dining Out

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PARIS 15th
LE WESTERN
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ACROSS

1 Upright
6 Danube feeder
10 Unhinged
14 Rogers contemporary
15 Beachcomber's concern
16 Cristina
17 Reversed parts?
18 Adorned
19 Confidence game

20 Start of a timely verse
23 "Old chap" precursor
24 Ford's successor
25 Artificial
28 Suffuse with liquid
29 Mountain pass
31 Poetic hue
33 List particulars

37 "And the —" (more of verse)
41 Guest or Poe
42 Calendar event, with 66 Across
43 Bikers' org.
44 Murder or bangtail
46 — on (gather facts)
49 Locust tree
52 Baltic and Andaman
53 "Hi, New Year!" (end of verse)
59 "Now hear —"

60 Protuberance
61 Violinist Mischa
62 Four-star review
63 Fencer's weapon
64 Argument
66 See 42 Across
67 Say "cheese"

2 The Babe
3 To be, in Tours
4 Skulls
5 Pool member
6 Antsy
7 Sediment
8 A wife of Esau
9 Edit
10 Separate
11 Tie or scarf
12 Heartthrob
13 Less ferine
21 Eyeballed
22 Master, in Madras
25 — homo
26 Crucifix
27 Shot of booze
28 Cottage
29 Naturalist
30 Cornstock
32 Tree trunk
34 Mild oath
35 Voluminous dress
36 Easy chore
38 Stuporous states
39 Retinue
40 Carousal
45 Portrayer of 50
Down in 1942
48 Temporary refuge

47 Van Gogh's "The Potato"

49 Houston athlete
50 "Over There" songwriter
51 Breathing
52 Show scorn

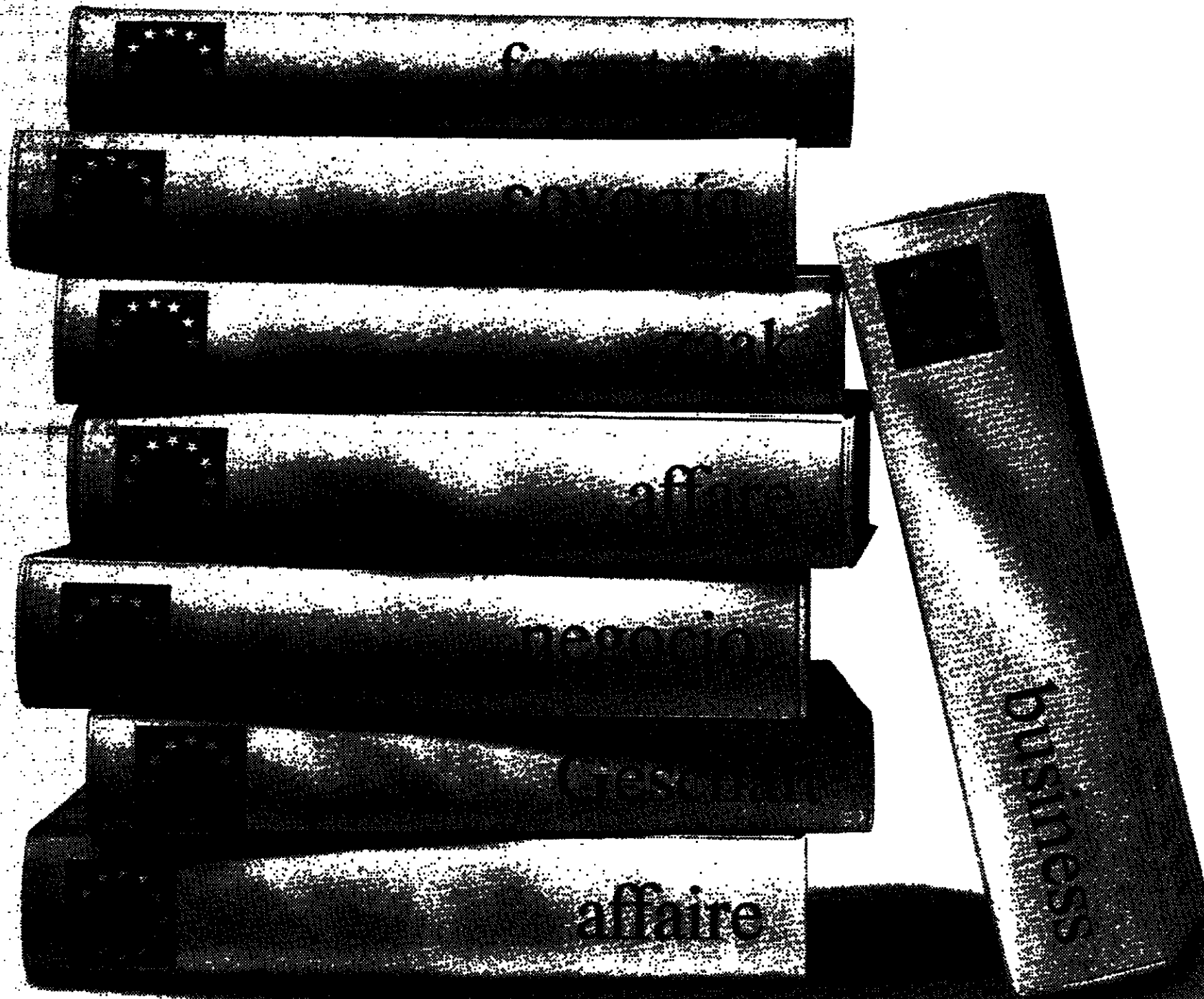
54 Uh-uh
55 Brainstorm
56 Atlanta arena
57 Polish precursor
58 Kin of ette and tnx

Solution to Puzzle of Dec. 30

EDGE	ODES	ADALE
REAM	RUDE	DEFER
AFTERNOON	AFTON	
STEREOS	STYRENE	
GAT	DEE	ORES
ASTER	REDRESS	
RAMS	COG	RATHER
ILE	PATRIOT	ORA
DARIEN	ARR	MOLI
ENGARDE	BAKED	
ARAG	LEE	SUN
REFRESH	SIRASSE	
SITAR	AFTERGLOW	
ONETO	SOAR	EIRE
NAIRES	HERE	SPAR

© New York Times, edited by Eugene Malachuk.

What's uncommon about the Common Market?



The momentum is beginning to pick up. The Single European Market is no longer just a vision. It will soon become a reality.

The closer the date of January 1, 1993 approaches, the fewer the remaining obstacles to European economic integration. Some of these impediments are small and some are large.

But of one thing you can be certain: they are definitely being overcome. The political will is there, and much of what

still divides the twelve member states is on its way out.

But even with all the necessary European unification measures, just how uncommon will the Common Market actually be in just a couple of years?

The experts all agree: the Europe of the future will continue to be characterized by contrast and complexity.

Not only because of its great linguistic and cultural diversity.

But because Europe is about to be transformed into a continent of regions rather than of separate nations.

Regions which are above all engaged in strong economic competition. Regions which have numerous ways of presenting themselves in the best possible light – a situation which complicates decision-making for potential investors. Fortunately, there is something uncommon which is common to the entire Common Market.

Dresdner Bank.

Already today, throughout Europe, you'll find us where it counts.

Our experienced local specialists can provide you with crucial support, all the way from overcoming the language

barrier to helping you pin down the ideal site for your new business operations.

And thanks to our specialized international bank in Luxembourg, Europa Bank, we can put together complex packages including various regional European subsidies and EC support programs, thereby satisfying the most demanding of financing requirements.

For you see, while others were just beginning to think European, Dresdner Bank was already taking action.

Dresdner Bank. An uncommon bank. For an Uncommon Market.

Dresdner Bank



MARKET DIARY

Recovery Hopes
Keep Dow Flying

Compiled by Our Staff From Dispatches

NEW YORK—Prices soared to record highs on the New York Stock Exchange for the third session in a row on Monday as recovery hopes stayed alive and still-falling interest rates hastened a

N.Y. Stocks

wild scramble to move money into stocks and bonds.

The Dow Jones average of 30 industrials, helped by a late burst of buying, soared 62.39 points to a new peak of 3,163.91. In the past nine sessions the average has climbed 263.63 points, or a little more than 9 percent.

Joseph Barthelemy, director of technical strategy at Fehsestock & Co. in Great Neck, New York, said the market "is delivering a message" with that message appears to be that the Fed provided the necessary tonic to jump-start the economy, that sometime by May you'll see the economy coming out of the recession," he said.

Broad gauges also set new highs for the third time, with the NYSE composite index rising 4.47 to 228.22 and Standard & Poor's 500-stock index jumping 8.68 to 415.14.

Advances overwhelmed declines by a nearly 3-to-1 margin. Adjusted volume soared to 245.45 million shares from 185.94 million Friday. Stocks ended higher on the American Stock Exchange and sharply higher in over-the-counter trading, pushing the NASDAQ

composite index 14.04 to 579.75—its third record high in three days.

Key U.S. government securities were sharply higher, with the bellwether 30-year bond up 24/32 to 106 16/32 for a yield of around 7.45 percent. Yields on three-month to one-year Treasury bills ranged from 3.95 percent to 4.10 percent.

Dealers said the Bank of Japan's unexpected move to lower its discount earlier Monday gave fresh momentum to the declining trend in U.S. rates.

At the same time, the Conference Board said its consumer confidence index showed signs of leveling off this month after falling sharply in October and November, and house sales rose 5.4 percent in November.

Although most analysts predicted further gains, Harry Laubscher of Tucker Anthony said the Dow industrials were now about 150 points over the 200-day moving average. "We're getting a little skeptical," he said.

RJR Nabisco Holdings paced the NYSE actives, edging up 1/4 to 11 1/2. Westinghouse Electric followed, rising 3/4 to 17 1/2. General Electric was third, climbing 2 1/4 to 7 1/4.

Among other blue chips, General Motors rose 1/4 to 28 1/2. IBM added 1/4 to 90 1/4. AT&T rose 1/4 to 39 1/4. Coca-Cola up 1/4 to 81 1/4, and Merck up 1/4 to 166 1/4, each traded at record highs. (UPI, AP, Reuters)

Japan Rate Reduction
Fails to Bolster Dollar

Compiled by Our Staff From Dispatches

NEW YORK—The dollar closed mixed on world currency markets, falling against the yen following the Bank of Japan's unexpected cut in its discount rate to 4.5 percent from 5 percent.

Traders in Tokyo said that while the timing of the cut was a surprise,

Foreign Exchange

investors had already anticipated lower Japanese interest rates.

The dollar fell to 123.55 yen from 125.90 on Friday, and it weakened to 1,511.0 Deutsche marks from 1,518.80. But it gained on the British pound, which fell to \$1.8655 from \$1.8742. The dollar also rose to 1,357.50 Swiss francs from 1,351.80 and was unchanged at 5,190.5 French francs.

"The risk is on the downside until the economy begins to turn around," said Earl Johnson, trader at Harris Bankcorp. For that to happen, currency traders would need to see a string of five or six economic indicators suggesting a recovery before the dollar's slump subsides, Mr. Johnson said.

The dollar could trade as low as 1.5 marks after Jan. 10, he said, when the Labor Department is to report on December employment.

In November, the government said the economy lost 241,000 jobs.

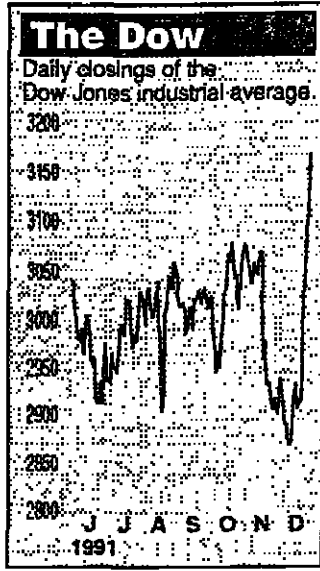
A small drop in U.S. consumer confidence and a fall in the Chicago Purchasing Managers index had only a short-lived impact on the currency.

The U.S. consumer confidence index fell to 52.4 in December from a revised 52.7 in November while the Chicago business barometer fell to 46.0 percent from 53.2 percent in November. A reading below 50 percent signals a slowing economy.

At the end of trading in London, the dollar was quoted at 1,518.5 DM, up from 1,516.5 DM on Friday, and at 125.75 yen.

The pound put in another poor performance amid worries over Britain's economy, although dealers said there was little actual selling. Sterling's trade weighted index closed down 0.2, at 91.5, while in the European Monetary System it was at minus 58 percent of permitted divergence from its central rate. (Bloomberg, Reuters)

Via Associated Press Dec. 30



NYSE Most Active

Vol.	High	Low	Last	Chg.
RJR Nab	11 1/2	11 1/4	11 1/2	+ 1/4
Westing	17 1/2	17 1/4	17 1/2	+ 1/4
Gen Elec	7 1/4	7 1/4	7 1/4	+ 1/4
IBM	90 1/4	90 1/4	90 1/4	+ 1/4
AT&T	39 1/4	39 1/4	39 1/4	+ 1/4
Coca-Cola	81 1/4	81 1/4	81 1/4	+ 1/4
Merck	166 1/4	166 1/4	166 1/4	+ 1/4

NYSE Most Active

Vol.	High	Low	Last	Chg.
IBM	90 1/4	90 1/4	90 1/4	+ 1/4
AT&T	39 1/4	39 1/4	39 1/4	+ 1/4
Coca-Cola	81 1/4	81 1/4	81 1/4	+ 1/4
Merck	166 1/4	166 1/4	166 1/4	+ 1/4

NYSE Most Active

Vol.	High	Low	Last	Chg.
IBM	90 1/4	90 1/4	90 1/4	+ 1/4
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Coca-Cola	81 1/4	81 1/4	81 1/4	+ 1/4
Merck	166 1/4	166 1/4	166 1/4	+ 1/4

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Coca-Cola	81 1/4	81 1/4	81 1/4	+ 1/4
Merck	166 1/4	166 1/4	166 1/4	+ 1/4

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Coca-Cola	81 1/4	81 1/4	81 1/4	+ 1/4
Merck	166 1/4	166 1/4	166 1/4	+ 1/4

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IBM	90 1/4	90 1/4	90 1/4	+ 1/4
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Coca-Cola	81 1/4	81 1/4	81 1/4	+ 1/4
Merck	166 1/4	166 1/4	166 1/4	+ 1/4

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Coca-Cola	81 1/4	81 1/4	81 1/4	+ 1/4
Merck	166 1/4	166 1/4	166 1/4	+ 1/4

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Merck	166 1/4	166 1/4	166 1/4	+ 1/4

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Merck	166 1/4	166 1/4	166 1/4	+ 1/4

NYSE Most Active

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Coca-Cola	81 1/4	81 1/4	81 1/4	+ 1/4
Merck	166 1/4	166 1/4	166 1/4	+ 1/4

NYSE Most Active

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IBM	90 1/4	90 1/4	90 1/4	+ 1/4
AT&T	39 1/4	39 1/4	39 1/4	+ 1/4
Coca-Cola	81 1/4	81 1/4	81 1/4	+ 1/4
Merck	166 1/4	166 1/4	166 1/4	+ 1/4

Dow Jones Averages

Open	High	Low	Last	Chg.
Index	3163.91	3163.91	3163.91	+62.39
Indust	1235.55	1235.55	1235.55	+1.15
Transp	1235.55	1235.55	1235.55	+1.15
Comm	1235.55	1235.55	1235.55	+1.15

Standard & Poor's Indexes

High	Low	Close	Chg.
Indust	496.43	496.43	+1.15
Transp	496.43	496.43	+1.15
Comm	496.43	496.43	+1.15

NYSE Indexes

High	Low	Close	Chg.
Indust	228.22	228.22	+4.47
Transp	228.22	228.22	+4.47
Comm	228.22	228.22	+4.47

NASDAQ Indexes

High	Low	Close	Chg.
Indust	415.14	415.14	+8.68
Transp	415.14	415.14	+8.68
Comm	415.14	415.14	+8.68

AMEX Stock Index

High	Low	Close	Chg.
Indust	290.15	290.15	+7.21
Transp	290.15	290.15	+7.21
Comm	290.15	290.15	+7.21

Dow Jones Bond Averages

High	Low	Close	Chg.
20 Bonds	106 16/32	106 16/32	+24/32
10 Industrials	106 16/32	106 16/32	+24/32

Market Sales

NYSE 4 a.m. volume	NYSE 4 p.m. volume	NASDAQ 4 a.m. volume	NASDAQ 4 p.m. volume
245,450,000	245,450,000	185,940,000	185,940,000

N.Y.S.E. Odd-Lot Trading

Dec 27	Dec 28	Dec 29	Dec 30
42,321	74,422	70,523	70,523

S&P 100 Index Options

Dec 31	Dec 31	Dec 31	Dec 31
100	100	100	100

Parretti Ouster from MGM Upheld

Via Associated Press Dec. 30

PHILADELPHIA—Delaware chancery court has upheld Credit Lyonnais Bank Nederland NV's June 1991 order of Italian financier Giancarlo Parretti as a director of MGM-Pathe Communications Co., a bank spokesman said Monday.

Spokesman Fredric Spar said judge William Allen's decision concluded that the bank's move to oust Mr. Parretti and two other directors "was valid and effective action."

Mr. Allen ruled that Mr. Parretti, who acquired MGM for \$1.3 billion in 1990, breached an April 1991 corporate governance agreement with Credit Lyonnais by interfering in company affairs despite the agreement's provision he could control MGM management.

EUROPEAN FUTURES

Close	High	Low	Prev. Close
Food	100.00	100.00	100.00

Food

Close	High	Low	Prev. Close
SUGAR (FOX)	100.00	100.00	100.00

CORP (FOX)

Close	High	Low	Prev. Close
Startling per metric ton of 5 tons	100.00	100.00	100.00

WHITE SUGAR (MOT)

Close	High	Low	Prev. Close
Dollars per metric ton of 5 tons	100.00	100.00	100.00

Metals

Close	High	Low	Prev. Close
ALUMINUM (HIGH GRADE)	100.00	100.00	100.00

COPPER CATHODES (HIGH GRADE)

Close	High	Low	Prev. Close
Startling per metric ton of 5 tons	100.00	100.00	100.00

3-MONTH STERLING (LIFPER)

Close	High	Low	Prev. Close
Startling per metric ton of 5 tons	100.00	100.00	100.00

3-MONTH EURO DOLLARS (LIFPER)

Close	High	Low	Prev. Close
Startling per metric ton of 5 tons	100.00	100.00	100.00

3-MONTH EURO DOLLARS (LIFPER)

Close	High	Low	Prev. Close
Startling per metric ton of 5 tons	100.00	100.00	100.00

LONG GILT (LIFPER)

Close	High	Low	Prev. Close
Startling per metric ton of 5 tons	100.00	100.00	100.00

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U.S. FUTURES

Via Associated Press Dec. 30

Grains

Close	High	Low	Prev. Close
WHEAT (CBT)	100.00	100.00	100.00

WHEAT (KCBT)

Close	High	Low	Prev. Close
Startling per metric ton of 5 tons	100.00	100.00	100.00

SOYBEANS (CBT)

Close	High	Low	Prev. Close
Startling per metric ton of 5 tons	100.00	100.00	100.00

SOYBEAN MEAL (CBT)

Close	High	Low	Prev. Close
Startling per metric ton of 5 tons	100.00	100.00	100.00

SOYBEAN OIL (CBT)

Close	High	Low	Prev. Close
Startling per metric ton of 5 tons	100.00	100.00	100.00

LIVESTOCK

Close	High	Low	Prev. Close
CATTLE (CME)	100.00	100.00	100.00

FEEDER CATTLE (CME)

Close	High	Low	Prev. Close
Startling per metric ton of 5 tons	100.00	100.00	100.00

HOGS (CME)

Close	High	Low	Prev. Close
Startling per metric ton of 5 tons	100.00	100.00	100.00

COFFEE (CNYCSE)

Close	High	Low	Prev. Close
Startling per metric ton of 5 tons	100.00	100.00	100.00

SUGARWORLD (NYCSE)

50.63	47.80	Jun	47.60	47.80
50.40	47.80	Jun	42.80	42.87
48.20	43.50	Jul	43.60	43.68
46.85	42.70	Aug	42.60	42.60
47.00	40.05	Oct	40.30	40.35
43.60	41.10	Dec	43.15	43.25
47.25	43.50	Feb	43.85	43.90
Est. Sales 3,863 Prev. Sales 5,191				
Prev. Day Open Int. 18,307 off 74				

PORK BELLIES (CME)

Business Failures Soar in Britain

Compiled by Our Staff From Dispatches
LONDON — Business failures in Britain soared 65 percent in 1991, to the highest level ever recorded, it was reported on Monday while the government rejected calls for a devaluation of the pound and said there was little it could do to help the economy in the short term.

A total of 47,777 companies failed or were liquidated in 1991 — a rate of more than 130 a day, Dun & Bradstreet Corp. reported. It was the highest level since the business information company began keeping the statistics in 1980.

Furthermore, the company said, "The really worrying message from these figures is that the situation is getting worse."

The Institute of Directors, one of Britain's two main employers' or-

ganizations, reported that only 37 percent of its members were optimistic about the economic outlook, down from 53 percent in October.

The two reports came on the heels of a weekend survey showing that 21 percent of companies responding were preparing to cut jobs during the next three months, compared with 9 percent that were preparing to employ more people.

Another survey released over the weekend gave the Labor Party a 6 percentage point lead over the ruling Conservatives, up from 2 points a month ago. The government must call an election by mid-1992 and is pinning its hopes on the prospect for an economic rebound.

The economic secretary to the Treasury, John Maples, said a slow recovery was under way and there

was little the government could do to hasten it.

"Any levers of economic policy you pull have a lead time of a few months, so I don't think there's much which one can do which has a short-term effect. We feel that we have put the right elements in place," he said in a radio interview.

He also reiterated the government's determination to maintain the pound's value within the European Monetary System's exchange-rate mechanism, even if it forces the chancellor of the Exchequer, Norman Lamont, to raise rates.

If "it is necessary to raise interest rates, he's made it clear he'll do so," Mr. Maples said.

Britain did not follow other European nations in raising interest rates after the Bundesbank did so two weeks ago. (AFP, Reuters, UPI)

Hachette Gains As Pullout Seen From La Cinq

Compiled by Our Staff From Dispatches

PARIS — Hachette SA shares jumped 7.4 percent on Monday amid signs that the media company would refuse to pump fresh money into the unprofitable French television station La Cinq.

"For investors, the withdrawal is a fact," a trader said. The shares rose to 146 francs, up 10.10 francs, Monday. That came on top of a 10 percent rise last week, when Hachette said it would not increase its exposure to the station.

La Cinq's other main shareholders told the French broadcaster last Friday they were not prepared to inject cash into the station, which expects to lose 1.12 billion francs this year. Hachette, which owns 25 percent of La Cinq, has refused to take sole responsibility for the station.

La Cinq's chairman, Yves Sabourat, told union officials on Monday he did not see how Hachette could continue to operate the station, one of the officials said.

"Yves Sabourat did not mention liquidation, but he said that he did not see how Hachette could continue," the official said on La Cinq's own news bulletin. (Reuters, AFP)

Unions in Germany Affirm Pay Stance

Reuters

FRANKFURT — German union leaders on Monday lashed out at calls for low pay increases from management and political leaders, saying attempts to blame high labor costs for the economic slowdown threatened to undermine wage negotiations.

"An unholy alliance of managers, scientists and politicians is trying to use massive calls for moderation to set the tone for cheap 1992 wage deals," said Roland Issen, president of the white collar workers' union DAG.

Finance Minister Theo Waigel said that avoiding a wage-price spiral was necessary for restoring growth after two consecutive quarters of declining gross national product.

The employers' association president, Klaus Murnann, said wage deals must be modest in 1992 if the threat of a sharp economic slowdown in the West and the blighting of the first signs of growth in the East were to be avoided.

Now is the time "to decide what the priority should be — a stability which will foster further growth or the satisfaction of" constant high demands, he said.

He called for wage policies matched to productivity growth.

Union leaders said in year-end statements that wage negotiations were being undermined by repeat-

ed public statements saying that large pay rises were at the root of high inflation.

Such statements "will not keep the DAG from achieving its demands of a pay rise which at the very least covers rising costs and gives workers a share in economic growth," Mr. Issen said.

The priority for 1992 had to be to give East Germans the same economic outlook as westerners, he said. East German workers are currently paid about 60 percent of the West German average.

Many German unions are seeking 1992 raises of 10 percent and more. The Bundesbank has repeatedly said that raises near the 7 percent average seen in 1991 in the West will boost inflation.

That very concern was behind the central bank's aggressive move in mid-December to increase its discount and Lombard rates. The Bundesbank has said it can not tolerate inflation persisting above 4 percent. Provisional inflation figures for December showed a level of 4.1 percent for Western Germany.

Hermann Rappe, president of chemical workers' union IG Chemie, said in a radio interview that economic conditions in 1992 were less strong than in previous years. "Pay deals must be justifiable within the individual industry sector," he said.

Chaumet Receives Injection of Capital

Reuters

PARIS — The French jeweler Chaumet, whose patrons have included Napoleon and Elizabeth Taylor, has received a cash injection from its owners to finance a major expansion in 1992, the company said Monday.

The chairman of Société Nouvelle Chaumet SA, Charles Lefevre, said that Arabian Investment Bank, a Paris-based investment company, had provided 205 million French francs (\$39.54 million) in new capital.

"Investcorp has increased our capital to 291 million francs so that we can launch new collections and products," he said.

Chaumet, located on the elegant Place Vendôme in

Paris, has served royalty and aristocrats since the early 18th century.

Investcorp, a consortium of British, American and Gulf state investors, bought the company from the Chaumet brothers in 1987 after the brothers filed for bankruptcy.

Jacques and Pierre Chaumet were sentenced to jail this month for fraud, illegal banking practices and abuse of confidence. A Paris court ruled they had illegally obtained collateral for jewels stored in their vaults and sold clients' jewelry for their own profit.

But Mr. Lefevre said the scandal had not hurt Chaumet's sales, which were 8 percent to 9 percent higher than last year.

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But Mr. Lefevre said the scandal had not hurt Chaumet's sales, which were 8 percent to 9 percent higher than last year.

Portugal to Oversee Shift in EC Spending

Reuters

LISBON — Portugal takes over the presidency of the European Community from the Netherlands on Wednesday at a critical time in the Community's march toward economic and political union.

Portugal, which traditionally has a low profile in EC policy formation, sees itself as a pragmatic broker able to reconcile differences between the Community heavyweights.

The Portuguese breathed a sigh of relief when the broad outlines of European political and economic union were finally agreed upon in Maastricht, the Netherlands, this month — since they will now be free to concentrate on other aspects of EC policy.

Portugal, which joined the EC in 1986, assumes the six-month presidency for the first time amid the unprecedented foreign policy challenges posed by the breakup of the Soviet Union and Yugoslavia.

Portugal's main goal is revision of the Community's spending policies. But it also hopes to define a strategy for admitting new members, to draft the treaties agreed to at the Maastricht meeting and to clear most of the remaining obstacles to the creation of a single European market by 1993.

The main aims of the planned budget overhaul are to reduce subsidies on overproduction by European farmers and to channel more aid to the EC's poorest members.

Portugal, which has the second-lowest per-capita income in the Community, after Greece, will be a major beneficiary of the budget overhaul. The Portuguese foreign minister, José de Deus Pinheiro, recently described the changes as crucial.

The task of coordinating EC policy toward the countries emerging from the breakup of the Soviet Union and Yugoslavia has been assigned to the deputy foreign minister, José Manuel Durão Barroso.

But Portugal's prime minister, Anibal Cavaco Silva, also wants the Community to pay more attention to the Third World and its development needs.

"We believe this justified attention to relations with other European countries should not prejudice the strengthening of the traditional links which Europe of the 12 maintains with other parts of the world, particularly the south," Mr. Cavaco Silva said recently.

Portugal was the last European country to relinquish its African and Asian colonies and is a seaward-looking nation far removed from

the Community's turbulent eastern frontier.

The definition of a strategy for admitting new members, to be approved at an EC summit meeting in Lisbon in June, would allow the Community to open negotiations on membership with Austria and Sweden in the second half of 1992. Mr. de Deus Pinheiro said in an interview with the Lisbon daily *Diário de Notícias*.

After that, he said in the interview published on Sunday, the Community could consider membership requests from other members of the European Free Trade Area.

But Mr. de Deus Pinheiro held out little hope for quick entries by Turkey, Malta and Cyprus, which have formally applied to join the Community, or for the new democracies of Eastern Europe, which have made membership a long-term goal.

Mr. Cavaco Silva has pledged to run Portugal's EC presidency with the same technocratic "rigor and efficiency" that he applies to his own center-right government.

But concerns remain as to whether Portugal's notoriously slow bureaucracy and small foreign ministry will be able to cope.

Portugal, like Britain, is skeptical about the ideal of a federal Europe.

The European to Publish in January

Reuters

LONDON — The European newspaper, owned by the late Robert Maxwell, won a last-minute reprieve from closure on Monday when administrators said they would fund it for another month.

"The European will be published for the first four weeks of the New Year on money from the administrators," said a spokesman for accountants Arthur Anderson, administrators to the private Maxwell companies.

Previous reports said that the weekly paper faced closure unless a firm purchase offer was received by Monday.

However, the spokesman said hopes were high that a buyer could be found.

"Discussions are taking place with a number of interested parties," he said. "The administrators are confident that this paper is going to find a good home."

The European, which Mr. Maxwell launched less than two years

ago as a pan-European voice, was given an extra month to give prospective buyers more time and in response to advertisers' requests, the spokesman added.

Since Mr. Maxwell's death at sea last month, his media empire, collapsing under a \$5 billion debt, has been managed by his sons Kevin and Ian.

FORECASTS: Rosy Earnings Scenarios Often Wilt

(Continued from first finance page)

estimates for earnings growth. They are: Canada, 51.3 percent; France, 16.5 percent; Germany, 7.9 percent; Italy, 16.4 percent; Japan, 4.7 percent, and Britain, 26.1 percent.

The broad country stock market estimates do not mean, of course, that all companies' estimates are lowered. So far this year, of the 9,958 companies followed by analysts, 73.5 percent have been low-

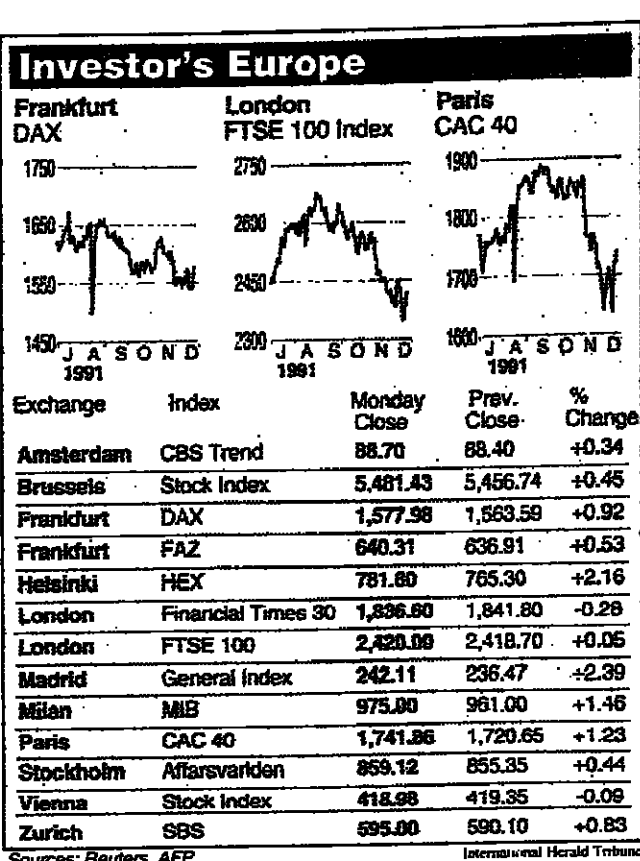
ered since January and 26.5 percent have been raised.

Most of the companies whose earnings estimates were revised downward for 1991 also had their forecasts for 1992 cut. The same pattern, in reverse, was true for companies whose profit forecasts were increased.

Among the companies with the largest downward revisions in 1991 were Volkswagen AG in Germany, Peugeot SA in France, British Aerospace PLC, Bridgestone Corp.

of Japan, Fiat SpA of Italy and Imperial Oil Ltd. in Canada.

The pattern of revisions is clear enough that investors should take forecasts with a grain of salt. Some firms acknowledge this. In its new outlook for the beginning of 1992, UBS Phillips & Drew in London notes that there have been downward revisions in their initial earnings forecasts in the past two years and adds: "Our forecasts for 1992 could justifiably be treated with some skepticism."



Very briefly:

- Airbus Industrie said Tunis Air signed a contract to buy two more A320s, bringing to six the airline's firm orders for the plane. The A320s have a market price of about \$42 million each.
- Provisional liquidators of Bishopsgate Investment Management Ltd., a key Maxwell family company, appointed Capital House Investment Management Ltd. to manage BIM's common investment fund.
- Chancellor Helmut Kohl, in a speech to be broadcast for New Year's, called on Germans living abroad to persuade foreigners to step up their investment in Eastern Germany.
- SBCI Finance Asia, a wholly owned securities subsidiary of Swiss Bank Corp., hopes to list regional debt and convertible instruments on the Hong Kong Stock Exchange by mid-1992.
- Compagnie de Navigation Mixte said its Compagnie Française de Sucrerie unit was launching a full bid for Société des Fabriques de Sucre at 334 francs (\$65.50) per share.
- Alcatel-Alsthom, Spie-Batignolles and Framatome will receive around 2 billion francs (\$385 million) from the French government in compensation for Iran's withdrawing from a nuclear energy contract, Alcatel-Alsthom said.

NASDAQ

Monday's Prices
NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

Stock	High	Low	Open	Close	Change
IBM	165 1/4	164 1/4	164 3/4	165 1/4	+1/4
Microsoft	68 1/4	67 1/4	67 3/4	68 1/4	+1/4
Apple	54 1/4	53 1/4	53 3/4	54 1/4	+1/4
Oracle	47 1/4	46 1/4	46 3/4	47 1/4	+1/4
Novell	41 1/4	40 1/4	40 3/4	41 1/4	+1/4
Lotus	38 1/4	37 1/4	37 3/4	38 1/4	+1/4
Intuit	35 1/4	34 1/4	34 3/4	35 1/4	+1/4
Visa	32 1/4	31 1/4	31 3/4	32 1/4	+1/4
MasterCard	29 1/4	28 1/4	28 3/4	29 1/4	+1/4
Discover	26 1/4	25 1/4	25 3/4	26 1/4	+1/4
Amex	23 1/4	22 1/4	22 3/4	23 1/4	+1/4
Chase	20 1/4	19 1/4	19 3/4	20 1/4	+1/4
Bank of America	17 1/4	16 1/4	16 3/4	17 1/4	+1/4
Wells Fargo	14 1/4	13 1/4	13 3/4	14 1/4	+1/4
Citigroup	11 1/4	10 1/4	10 3/4	11 1/4	+1/4
JPMorgan	8 1/4	7 1/4	7 3/4	8 1/4	+1/4
Goldman Sachs	5 1/4	4 1/4	4 3/4	5 1/4	+1/4
Morgan Stanley	3 1/4	2 1/4	2 3/4	3 1/4	+1/4
JP Morgan Chase	1 1/4	0 1/4	0 3/4	1 1/4	+1/4

Stock	High	Low	Open	Close	Change
Alcoa	45 1/4	44 1/4	44 3/4	45 1/4	+1/4
Alcan	42 1/4	41 1/4	41 3/4	42 1/4	+1/4
Alumina	39 1/4	38 1/4	38 3/4	39 1/4	+1/4
Alusuisse	36 1/4	35 1/4	35 3/4	36 1/4	+1/4
Alcan	33 1/4	32 1/4	32 3/4	33 1/4	+1/4
Alcoa	30 1/4	29 1/4	29 3/4	30 1/4	+1/4
Alcan	27 1/4	26 1/4	26 3/4	27 1/4	+1/4
Alumina	24 1/4	23 1/4	23 3/4	24 1/4	+1/4
Alusuisse	21 1/4	20 1/4	20 3/4	21 1/4	+1/4
Alcan	18 1/4	17 1/4	17 3/4	18 1/4	+1/4
Alcoa	15 1/4	14 1/4	14 3/4	15 1/4	+1/4
Alcan	12 1/4	11 1/4	11 3/4	12 1/4	+1/4
Alumina	9 1/4	8 1/4	8 3/4	9 1/4	+1/4
Alusuisse	6 1/4	5 1/4	5 3/4	6 1/4	+1/4
Alcan	3 1/4	2 1/4	2 3/4	3 1/4	+1/4
Alcoa	0 1/4	0 1/4	0 3/4	0 1/4	+1/4

Stock	High	Low	Open	Close	Change
Boeing	105 1/4	104 1/4	104 3/4	105 1/4	+1/4
Boeing	102 1/4	101 1/4	101 3/4	102 1/4	+1/4
Boeing	99 1/4	98 1/4	98 3/4	99 1/4	+1/4
Boeing	96 1/4	95 1/4	95 3/4	96 1/4	+1/4
Boeing	93 1/4	92 1/4	92 3/4	93 1/4	+1/4
Boeing	90 1/4	89 1/4	89 3/4	90 1/4	+1/4
Boeing	87 1/4	86 1/4	86 3/4	87 1/4	+1/4
Boeing	84 1/4	83 1/4	83 3/4	84 1/4	+1/4
Boeing	81 1/4	80 1/4	80 3/4	81 1/4	+1/4
Boeing	78 1/4	77 1/4	77 3/4	78 1/4	+1/4
Boeing	75 1/4	74 1/4	74 3/4	75 1/4	+1/4
Boeing	72 1/4	71 1/4	71 3/4	72 1/4	+1/4
Boeing	69 1/4	68 1/4	68 3/4	69 1/4	+1/4
Boeing	66 1/4	65 1/4	65 3/4	66 1/4	+1/4
Boeing	63 1/4	62 1/4	62 3/4	63 1/4	+1/4
Boeing	60 1/4	59 1/4	59 3/4	60 1/4	+1/4

Stock	High	Low	Open	Close	Change
Boeing	57 1/4	56 1/4	56 3/4	57 1/4	+1/4
Boeing	54 1/4	53 1/4	53 3/4	54 1/4	+1/4
Boeing	51 1/4	50 1/4	50 3/4	51 1/4	+1/4
Boeing	48 1/4	47 1/4	47 3/4	48 1/4	+1/4
Boeing	45 1/4	44 1/4	44 3/4	45 1/4	+1/4
Boeing	42 1/4	41 1/4	41 3/4	42 1/4	+1/4
Boeing	39 1/4	38 1/4	38 3/4	39 1/4	+1/4
Boeing	36 1/4	35 1/4	35 3/4	36 1/4	+1/4
Boeing	33 1/4	32 1/4	32 3/4	33 1/4	+1/4
Boeing	30 1/4	29 1/4	29 3/4	30 1/4	+1/4
Boeing	27 1/4	26 1/4	26 3/4	27 1/4	+1/4
Boeing	24 1/4	23 1/4	23 3/4	24 1/4	+1/4
Boeing	21 1/4	20 1/4	20 3/4	21 1/4	+1/4
Boeing	18 1/4	17 1/4	17 3/4	18 1/4	+1/4
Boeing	15 1/4	14 1/4	14 3/4	15 1/4	+1/4
Boeing	12 1/4	11 1/4	11 3/4	12 1/4	+1/4

Stock	High	Low	Open	
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Falling U.S. Rates Spur Corporate Issues

By Kenneth N. Gilpin
New York Times Service

NEW YORK—If the declines hold, investment bankers and economists say, the quarter-point drop in short- and long-term interest rates in the United States since mid-December is likely to bring a torrent of corporate debt issues in the first weeks of the new year.

The holidays have prevented most companies from moving faster. As the end of the year approaches, traditional buyers retreat to the sidelines and many members of the sales staffs that market the debt are on vacation.

"There is no one around to buy them or sell them, and investment committees are not going to meet this time of year," said a corporate finance specialist at a large New York investment bank.

"But the declines in rates have been seen over the last two weeks as very significant and make billions of bonds callable. The question is if companies will do it quickly."

Lindley B. Richert, who heads MCM Inc., an investment advisory firm in New York, said: "This last downward move in rates was sufficient to put in place the economies needed for replacement financing for virtually all corporations. It opens the door for tenders and outright net redemptions without replacement financing."

The list of corporations that have filed so-called shelf registrations with the Securities and Exchange Commission is growing. Among those who may offer new debt are companies that investment bankers say are rarely in the debt markets, like Polaroid Corp. and Phelps Dodge Corp.

In addition to the filings, a handful of companies recently have called in outstanding debt securities carrying interest rates that until recently would have seemed reasonable.

This group includes PSI Energy Inc., which on Friday said it was redeeming all of its outstanding 8 1/2 percent bonds due on Oct. 1, 2008. The company said it would refinance the issue through secured medium-term notes and that it anticipated savings of more than \$10.5 million from the change.

A new surge in corporate debt issuance in early 1992 would come on top of record volume in the year just ending. Up to late last week, more than \$133 billion worth of new investment-grade corporate bonds had been priced in 1991, according to data from Moody's Investors Service, easily eclipsing the \$110 billion worth of debt offered in 1986.

Daniel Scott, a senior vice president and director of high-grade credit research at Donaldson, Lufkin & Jenrette, said that declines in interest rates over the last year had allowed

many companies to reduce what he called their "imbedded cost of interest," their total interest expenses, by one percentage point.

With many analysts forecasting that the U.S. economy will remain weak through the first half of 1992 and that the Federal Reserve Board is unlikely to show any inclination to tighten monetary policy and push up rates until a recovery is fully under way, the chances seem good that corporations will have additional opportunities to reduce their interest expenses.

But Mr. Richert and others questioned whether sufficient demand would surface for securities carrying much lower coupons than those they replace.

"Potential buyers might ask why they would want a security with a 5 percent or 6 percent coupon, instead of the 8 percent or 9 percent they have now," he said. "Potentially, it could be a tough sell."

At least some money managers disagreed. "Yields on AAA corporate bonds are still 50 basis points to 75 basis points over Treasuries, which looks pretty attractive," said Marshall B. Front, president of Stein, Roe & Farnham Inc. Investment Counsel, managers of about \$15 billion worth of fixed-income securities.

"That means that even at these levels, we will be buying some corporates, as well as some Treasuries."

AMEX

Monday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month	High	Low	Stock	Div	Yld	PE	High	Low	1/8	1/4	1/2	1	2	5	10	20	50	100	1000
12	AIN	SIR				8.5	74	62	84	44	39	49	69	89	109	129	149	169	189
13	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
14	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
15	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
16	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
17	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
18	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
19	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
20	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
21	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
22	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
23	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
24	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
25	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
26	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
27	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
28	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
29	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
30	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
31	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
32	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
33	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
34	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
35	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
36	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
37	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
38	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
39	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
40	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
41	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
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43	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
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45	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
46	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
47	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
48	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
49	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
50	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
51	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
52	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
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58	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
59	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
60	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
61	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
62	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
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64	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
65	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
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67	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
68	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
69	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
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73	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
74	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
75	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
76	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
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78	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
79	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
80	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
81	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
82	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
83	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
84	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
85	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
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88	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
89	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
90	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7
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100	ALC					7.2	19	17	18	16	15	14	13	12	11	10	9	8	7

Beijing, Seoul Set Trade Pact

Korean Goods Will Enter China at Reduced Tariffs

BEIJING — China and South Korea are set to sign a landmark agreement that will complete the transformation of the former enemies into trade partners, a South Korean official said on Monday.

The agreement will give South Korea most-favored-nation status and reduce Chinese tariffs, which currently run up to 30 percent.

South Korea's unofficial ambassador to China, Roh Jae Won, is to sign the agreement with his Chinese counterpart at the quasi-governmental China Council for the Promotion of International Trade on Tuesday, an aide to Mr. Roh said.

The agreement was initiated before Christmas following three days of talks. It could come into effect as early as the end of January, pending formal government approval, the aide said. "Korean goods will now be treated like goods from any other country," he added.

China enjoys preferential tariffs for its exports to South Korea.

"We didn't have heavy tariffs on Chinese goods, but we were going to retaliate if they didn't [reach an accord]," Mr. Roh's aide said. "Fortunately they did."

South Korea and China, which have no diplomatic ties, opened trade offices with limited consular functions this year in Beijing and Seoul.

Mr. Roh is chief representative of South Korean Trade Promotion Corp., the de facto South Korean embassy in China.

China sided with North Korea during the Korean War and is still one of Pyongyang's key allies. But pragmatism has pushed it together with South Korea and their trade links are now significant.

China ran a trade surplus with South Korea last year, exporting \$2.7 billion worth of goods while importing \$1.5 billion. According to South Korean statistics, two-way trade up to October this year was about \$4 billion, heavily in China's favor.

The new trade pact leaves out key items of air links and investment, which the two sides are still thrashing out but Korean Air, the South Korean flag carrier, may soon put its store-front office in central Beijing into top gear.

The airline's staff cannot issue tickets yet and can run only occasional charters between the two capitals, the trade office aide said.

An investment guarantee agreement is also pending, the aide said. This would ensure each other's investments against summary nationalization.

South Korea has about \$40 million of investments in China, largely in labor-intensive manufacturing such as textiles and shoes, he said.

Chinese investment in South Korea is negligible, although China's national coal and chemical trading arms recently set up offices.

China is likely to devalue its currency by about 7 percent as part of a move to unify rates for the yuan and separate certificates designed for foreigners, bankers and diplomats said.

These observers expect the yuan will soon be devalued to around 5.85 to the dollar from 5.4205 now. Analysts disagree, however, on whether China will devalue in one step — perhaps on Jan. 1 — or continue making small moves toward its target.

Bringing the official rate in line with the black market rate would show the world China was taking a big step toward a market economy, although few analysts expect China to make the yuan fully convertible.

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In Japan, Fax Sellers Go Home

TOOKYO — Japan's electronics companies are out to persuade the country's rich, gadget-loving citizens they need home facsimile machines.

Opportunities in the business-oriented fax market have now dried up as most of the seven million potential office customers already have machines.

Makers are aiming for Japan's 40 million households, only around 2 percent of which now have faxes, luring them with machines styled to look like hi-fi accessories.

So far, the most successful has been Sharp Corp., whose campaign tells consumers facsimiles can improve their social and love lives with the slogan "Say it by fax."

At 89,000 yen (\$704), the latest model is relatively cheap for a fax machine, but the reduced price is partly due to its limited functions.

The most important question for makers is exactly what kind of people their potential consumers are.

"Sharp's fax was aimed at individual users, but in fact it is used more by people who work at home," said Yoshio Honda, general manager of NEC Corp., a communications terminals marketing division.

With its home fax model, NEC has decided to target first-time buyers with work-related applications such as home-based businesses in mind. NEC also reckons price is not that big an issue. With large incomes but small apartments, Japanese may be more concerned with quality.

Home businesses will also be prepared to pay more for superior functions — what might be expensive for play is not so for work.

Mr. Bond said, "Thank you," folded the notice and put it in his pocket, Mr. Young said.

The notice was the second Mr. Bond had received from the same group of banks over a personal guarantee he gave on a loan to his family concern, Dalhousie Investments Pty.

Mr. Bond sued the banks in September, contending that the bankruptcy notice was invalid, but he lost the case. A few days later the former tycoon was chased by a court official in a car after leaving home and was finally served the notice in a Perth parking lot.

That notice was later deemed invalid on technical grounds, and a new notice, which the banks say removes the technicality, was issued before Christmas. Process servers spent the holidays stalking Mr. Bond's house, to no avail.

Mr. Bond has said in court statements that he had a deficiency of assets over liabilities of about 40 million dollars.

Once among the elite of Australia's entrepreneurs, Mr. Bond built up his Bond Corp. Holdings into a 10 billion dollar brewing, media, resources and real estate empire in the 1980s.

At his peak, he paid \$37 million for a Van Gogh painting, "Irises," and became the first foreigner in 132 years to win the America's Cup yachting trophy from the United States.

But after racking up huge debts

Bankruptcy Notice Is Served on Bond

SYDNEY — Alan Bond, once called Australia's corporate Houdini, was unable on Monday to escape the servers of a bankruptcy notice.

After a six-day chase, agents for a group of banks caught Mr. Bond at Kingsford-Smith Airport in Sydney to serve him the 251 million Australian dollar (\$190 million) notice.

Hamish Young, a solicitor acting for a group of banks led by the Hongkong Bank of Australia Ltd., said the notice was served after Mr. Bond arrived on a morning flight from Bali. It requires Mr. Bond to pay the amount within 28 days.

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Australia Aims To Make Wool Truly Repellent

SYDNEY — Australian sheep may soon be growing wool that will repel insects both before and after shearing, researchers said Monday.

Laboratory sheep have been genetically modified by scientists at the Commonwealth Scientific and Industrial Research Organization to make them produce insect repellents in their wool follicles.

Biologist Terry Leach said the process would make clothing produced from the fleece naturally moth-repellent.

Australia is the world's largest producer of wool and has about 165 million sheep. One of the most prevalent diseases in sheep — fly-strike — costs farmers about 200 million dollars (\$152 million) a year.

and reporting one of the country's biggest corporate losses, Mr. Bond resigned in September 1990 as Bond Corp. chairman, as the company began restructuring to stave off liquidation.

In Perth, Mr. Bond's solicitor, Stephen Paterniti, said he would seek a stay of the judgment handed down in September by making an application to the New South Wales Court of Appeal.

In court hearings, Mr. Bond has said he signed the guarantee only because the chairman of Hongkong Bank of Australia assured him it would not be enforced.

Mr. Paterniti said even if the stay application failed, Mr. Bond would seek special leave to appeal to the High Court, Australia's highest court, against the original judgment.

An application to the High Court might not be made for several months, Mr. Paterniti said.

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SPORTS

Jets Fall Short of the Goal
And Oilers Prevail, 17-10By Timothy W. Smith
New York Times Service

HOUSTON — The New York Jets traveled a great distance this season to arrive at the American Football Conference wild-card playoff here, their first appearance in postseason play since 1986. But once they got here they reached, in the words of 11-year veteran running back Freeman McNeil, "a shocking realization."

It took two failed second-half scoring attempts deep inside the Oilers' territory, a few of quarterback Ken O'Brien's desperation passes with the final seconds ticking away and a resulting 17-10 loss for the Jets to see that they have miles to go before they can say they have truly arrived.

Houston will play in Denver next week and after a week in which some Oilers criticized the fans for lack of support, that might be best.

"This was a big hurdle for us to get over," said the Oilers' quarterback, Warren Moon, "guys were really down and out this week. There had been a give-up attitude around town. We could have easily lost this game the way things went for us this week."

It was laid out perfectly for the Jets to win, but they didn't. They will spend time brooding on what might have been and looking at what may be. When they examine Sunday's game, which was well within their grasp, it will be painful.

After the game, the Oilers' defense was praised for its performance. "I'll go over this one many, many times over the next few weeks," said cornerback Mike Brim. "What if we had won? How far could we have gone in the playoffs?"

Free safety Lomnie Young was doubly disappointed, first at the loss and then that the Jets couldn't make a statement.

"We could have played better," he said. "I'm disappointed, because no one gave us a chance in the playoffs and we had the perfect opportunity to push it down their throats. But we didn't get it done."

"We've got a great nucleus of young players and we'll be around for a while. We'll be back."

They should have been on their way to the next playoff game. It wasn't as if Houston dominated, outplayed or outlasted New York. But as in so many other games this season, the Jets scored the seeds for their own destruction. If fault can be placed, it again rests on the shoulders of the offense.

Consider that Moon, despite completing 23 of 40 passes for 271 yards, was sacked five times and lost two fumbles. He threw for touchdowns of 5 and 20 yards to Ernest Givins in the first half, and the Oilers picked up a 53-yard field goal by Al Del Greco early in the fourth quarter. The Jets scored all 10 of their points, a 10-yard touchdown reception by Toon (his first and only TD of the season) and a 33-yard field goal by Raul Allegre in the first half.

It was what they did, or didn't do, in the second half that mocked the Jets' defeat.

New York received to open the second half. The Jets started at their own 23 and marched to the Oilers' 8. It was a magnificent drive, the attack balanced by the running of Johnny Hector — starting for the injured Blair Thomas — and the passing of O'Brien, who on the day completed 21 of 31 passes for 221 yards and a touchdown and threw three interceptions.

On third and goal at the Houston 7, O'Brien threw a pass toward tight end Mark Boyer, but it was intercepted at the 3 by strong safety Bubba McDowell. A drive that consumed 8 minutes, 2 seconds netted nothing. O'Brien said he was trying to get the ball low to Boyer and he never saw McDowell make a break for the ball.

After the turnover, the Oilers went 62 yards in 14 plays, using 8:29 to set up Del Greco's field goal to make the score 17-10. The kick came with 13:29 left in the game.

and, right up until the end, those 7 points — and the possibility of a tie game and a shot at victory — tortured the Jets.

New York had its best opportunity to tie immediately after Del Greco's field goal. The Jets started at their 20 and moved down to the Oilers' 12. On the first-and-10 play fullback Brad Baxter, running off right guard with a full head of steam, picked up four yards. On the next play he cracked up the middle for five, and it looked as if the Jets were ready to score.

But on third and one at the 3, Baxter went off right tackle and was stopped for no gain. With less than nine minutes to play and the Oilers' defense sitting on the opposing bench, Bruce Coslet, the Jets' coach, decided to go for it on fourth and inches instead of kicking a field goal. He called a running play for McNeil, which was designed to go off the block of Baxter. Then linebacker Al Smith leaped at the 5 and was high above the pile by free safety Bo Orlando.

McNeil had been stopped short, and the ball went over to Houston on downs.

The Jets got still another chance to score a touchdown after Moon fumbled after being sacked by Young. The ball was recovered by New York cornerback Tony Stewart at the Houston 26 with 4:59 to play. But after Hector ran twice for a total of four yards, O'Brien threw two incomplete passes, and the Oilers took over again.

Thomas, Swilling Voted
Best on Offense, Defense

The Associated Press

NEW YORK — Running back Thurman Thomas of the Buffalo Bills, who for the third straight year led the NFL in combined rushing and receiving yards, has been voted the league's offensive player of the year in balloting conducted by The Associated Press.

Thomas, with 47 votes, was a runaway winner over teammate Jim Kelly in votes cast by 82 media members.

Thomas's 2,038 yards from scrimmage this year gives him 5,780 over the past three seasons. He won the AFC rushing title, even though he sat out the final game with an ankle injury, and his 1,407 yards ranked third in the NFL.

"You plan all week to stop the guy, then he goes out there and beats you all over the field," said Jeff Legeman, a defensive lineman for the New York Jets. "Thurman is a great back who can do everything."

Thomas tied with Miami's Mark Clayton for the AFC touchdown lead with 12. His 62 receptions tied Philadelphia's Keith Byars for most by a running back, and his 631 yards receiving beat all players at his position.

Kelly was runner-up with 15 votes. Detroit's Barry Sanders was third with 12, followed by Washington quarterback Mark Rypien with seven and Dallas receiver Michael Irvin with one.

Outside linebacker Pat Swilling of the New Orleans Saints won the defensive player of the year award. Swilling, who led the NFL with 17 sacks and had 60 tackles, forced six fumbles and recovered two, in-

tercepted a pass and knocked down four, received 27 votes.

That easily beat Philadelphia's Seth Joyner (18) and Reggie White (16).

"He brings our defense up a notch," said defensive lineman Frank Warren. "He gets the quarterback on the ground, causes fumbles. He's a franchise-type player. It's great to be a teammate of a guy like that. He makes me look good."

Also receiving votes for top defensive player were Los Angeles Raiders safety Ronnie Lott and Kansas City linebacker Derrick Thomas with seven each; Washington linebacker Wilber Marshall and Buffalo linebacker Cornelius Bennett with two each, and New Orleans linebacker Sam Mills and Philadelphia lineman Jerome Brown and Clyde Simmons with one each.

Shula Youngest?
Score Forgotten

Los Angeles Times Service

Reports identifying David Shula as the youngest head coach in the National Football League's "modern era" are incorrect — unless 1962 isn't considered modern.

Shula was 32 years and 7 months when he succeeded the Cincinnati Bengals' Sam Wyche on Friday. According to NFL officials, John Madden was 32 years, 10 months when he became the Oakland Raiders' head coach in 1969. Don Shula, David's father, was 33 when he became the Baltimore Colts' head coach in 1963.

But overlooked was Harland Sware, who was 31 years and 11 months when he became interim head coach of the Los Angeles Rams in 1962. He became the long-term coach soon afterward, shortly after turning 32, and was 35 when he was fired in December 1965.

Sware, who never had a winning team with the Rams, later became coach of the San Diego Chargers.



Ernest Givins, pulling away from cornerback Tony Stewart for a good gain in the fourth quarter, had reason to crow earlier in the end zone: he scored twice, on catches of 5 and 20 yards, in the first half.



Warren Moon, Oilers quarterback, is sacked by New York Jets' Bubba McDowell during the game.

Oklahoma Buries Virginia in Gator Bowl

By Mark Maske

Washington Post Service

JACKSONVILLE, Florida — Virginia remains a college football wanna-be, having been shoved aside yet again by one of the game's established heavyweights under the glare of the national spotlight.

This time, before 62,003 in the 47th Gator Bowl, the Cavaliers were humiliated, 49-14, by an Oklahoma team that had been regarded as somewhat less than imposing.

Any notions of a competitive game were dispelled shortly after kickoff Sunday night. The Sooners,

ranked 20th in The Associated Press poll, moved the ball on the ground, as they always do.

But they also filled the chilly Florida air with Cale Gundy's ac-

COLLEGE FOOTBALL

curate throws, and against Virginia, ranked 19th, the sophomore quarterback looked more like Joe Montana than the leader of an offense that traditionally has employed the pitchout as its most daring aerial feat.

Gundy was the most effective quarterback on the field on a night

in which Virginia's Matt Blundin finally threw an interception.

The only thing that kept Oklahoma from rewriting the passing section of its record book was that postseason play is not recognized for such purposes. The Sooners set Gator Bowl records for points, total yards (618), first downs (36) and touchdowns (seven).

They had leads of 34-0 in the second quarter and 49-7 in the third, and Gundy — who completed 25 of 31 attempts for 329 yards and two touchdowns in three quarters of play — earned most-valuable-player honors — had the most pro-

lific passing day in school history. Said Gundy: "I'm just glad this game was on national television, or else people might look at the newspaper and think there were some misprints under my name."

Gundy set a school record earlier this season with 18 completions against Virginia Tech. On Sunday he had surpassed that mark — as well as the Sooners' standard of 246 yards passing — by halftime, when he was 19-of-23 for 254 yards and Oklahoma led, 34-7.

Only kicker Scott Blanton's failed field goal try, which bounced off the upright as time expired in the first half, kept the Sooners from equalling the Gator Bowl scoring record by the intermission.

"I was surprised they came out and threw that much," said defensive end Chris Slade, whose Cavaliers had permitted only 26 points over their final five regular-season games. "It got real frustrating for us."

Even a dozen penalties did not deter Oklahoma (9-3). Tailback Mike Gaddis rushed for 104 yards and three touchdowns, and tight end Joey Mickey caught a pair of first-half scoring passes.

On defense, the Sooners constantly harassed Blundin, who threw for a pair of touchdowns but finished a modest 12 for 26. Oklahoma even intercepted him once, an indignity that Blundin hadn't suffered in 224 passes during the regular season. The Cavaliers (8-3) had their eighth-game unbeaten string ended and suffered their third consecutive bowl defeat.

Said Virginia's coach, George Welsh: "I just really didn't understand what happened out there."

Early Start Gives Georgia Big Finish

The Associated Press

Freshman quarterback Eric Zeier had a surprisingly easy time in guiding Georgia to victory in the 16th Independence Bowl.

Zeier completed his first seven passes, two going for first-quarter touchdowns, as No. 24 Georgia beat Arkansas, 24-15, Sunday night in Shreveport, Louisiana.

"The receivers did a great job of catching the ball and the line gave a lot of protection," Zeier said. "All of that makes it real easy for an offense to run smoothly."

Zeier completed 18 of 28 passes for 228 yards as the Bulldogs (9-3) rolled up 362 yards.

Georgia had a 14-0 lead only 12 minutes into the game after Zeier hooked up with Arthur Marshall and Andre Hastings for touchdowns.

Arkansas (6-6), playing its last game as a member of the Southwest

Conference before joining Georgia next season in the Southeastern Conference, had six turnovers. Sophomore Wade Hill had five passes intercepted while completing only 12 of 31 for 122 yards.

"We were fortunate to get ahead early and make some plays," said Georgia's coach, Ray Goff, whose team rebounded from a 4-7 record in 1990.

"We didn't really drive any length," he said. Georgia's three touchdowns drives, two after interceptions, averaged just 42 yards.

Air Force (38, Mississippi St. 15: Rob Perez ran for 114 yards and a touchdown and strong safety Shannon Yates returned a fumble 35 yards for a touchdown in the Falcons' 38-15 Liberty Bowl victory in Memphis, Tennessee.

Air Force (10-4) built a 14-0 first-quarter lead on one-yard scoring runs by fullback Jason Jones

and Perez, the senior quarterback who was selected the game's most valuable player.

Air Force, a member of the Western Athletic Conference, pushed the lead to 21-0 on Yates' heads-up play with 6:12 left in the half. Coming up to defend against the option, Yates arrived just as Mississippi State's Karl Williamson bobbled a pitch from quarterback Sleepy Robinson. Yates grabbed the ball out of the air and raced uncontested to the end zone.

The victory before a record crowd of 61,497 was the second in a row for Air Force, the host team of the game the last three years. The Falcons beat Ohio State, 23-11, in last year's game after falling, 42-29, to Mississippi in 1989.

The loss by Mississippi State (7-5) of the Southeastern Conference ended first-year coach Jackie Sherrill's rebuilding job on a sour note.

SCOREBOARD

BASKETBALL

NBA Standings

EASTERN CONFERENCE			
Atlantic Division			
New York	18	1	98
Boston	18	10	44
Miami	14	16	46
Philadelphia	13	15	44
New Jersey	10	18	35
Washington	10	18	35
Orlando	4	22	14
Central Division			
Chicago	23	4	492
Cleveland	18	9	447
Detroit	14	14	37
Indianapolis	14	14	37
Atlanta	13	15	44
Indiana	10	18	35
Charlotte	8	20	28
WESTERN CONFERENCE			
Midwest Division			
Utah	19	7	412
Houston	14	12	37
San Antonio	10	17	31
Dallas	12	17	414
Denver	11	16	40
Minnesota	4	22	14
Pacific Division			
Golden State	19	8	492
Portland	18	9	405
Phoenix	18	10	440
L.A. Lakers	17	11	407
Seattle	15	13	384
L.A. Clippers	10	18	35
Sacramento	7	20	28
SUNDAY'S RESULTS			
San Antonio	82	81	39-40
Orlando	82	81	39-40
Philadelphia	91	82	44-44
Washington	102	91	44-44
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Philadelphia	91	82	44-44
Washington	102	91	44-44
Atlanta	102	91	44-44
San Antonio	82	81	39-40
Orlando	82	81	39-40
Philadelphia	91	82	44-44
Washington	102	91	44-44
Atlanta	102	91	44-44
San Antonio	82	81	39-40
Orlando	82	81	39-40
Philadelphia	91	82	44-44
Washington	102		

